

Press release

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Two-thirds of Belgian households are not financially resilient **Focus on "financial health" can trigger behavioural change**

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- The "financial health" of Belgian families has been mapped in all its dimensions for the first time
- About two-thirds (64%) of families are not financially resilient
- This is the sum of "financially unhealthy" (28%) and "financially vulnerable" (36%) households
- A lot of efforts have already been made, especially to raise financial literacy, but behavioural changes are proving difficult. Financial planning is also a major concern, especially in an uncertain economic climate
- Therefore, cooperation between all actors in a broad ecosystem is needed around "Financial health"

More than a quarter of Belgian families (28%) are "financially unhealthy", according to a study conducted by Deloitte in collaboration with Ghent University and Argenta on the financial health of Belgians. If we include the group of "financially vulnerable" families (36%), almost two-thirds (64%) of families can be classified as "financially not very resilient". This is the first time in Belgium that financial health has been examined from all angles. Significant efforts have already been made in recent years to improve everyone's financial literacy. To take the next step toward improving the financial health of all Belgian families, Deloitte, Ghent University and Argenta call for broad cooperation between all stakeholders.

Financial health is the main objective

There are many studies on financial literacy, household spending patterns, and debt. Interesting initiatives have resulted from these studies, however achieving concrete behaviour change and encouraging people to change their financial behaviour remain a challenge.

Together with its partners, Argenta and UGent, Deloitte advocates placing the concept of financial health at the centre of its work. The research they conducted includes hard facts, but also the emotional aspect of money-related issues. Indeed, financial health involves the balance between six underlying areas: income, expenses, savings, borrowing, planning, and skills. Financial health exists when a person feels they have the control to (1) comfortably meet their current financial needs and obligations, and (2) are able to build the financial security necessary to pursue their (future) life goals.

"Everyone wants to be healthy. We want to eat healthy, get enough exercise, and we pretty much know how to do that," said Kasper Peters, Financial Services Industry Leader at Deloitte. "But financial health is often misunderstood and remains a vague concept. That's a shame because the notion of 'financial health' can inspire many people to manage money differently."

Deloitte, UGent and Argenta have now mapped the financial health of Belgian households for the first time.

The average Belgian family is financially fragile

Based on the parameters of the survey, we can classify Belgian households into four groups:

- Financially not healthy: 28%
- Financially fragile: 36%
- Financially sufficient: 24%
- Financially healthy: 12%

The average Belgian family falls into the financially fragile group. Being financially healthy is also more difficult for women, Belgians between 35 and 55 years of age, single people, and people from a family with financial problems or those who have recently experienced a traumatic event. For example, only 33% of women could be considered financially resilient ("financially healthy" or "financially sufficient"), compared to 40% of men. There are also striking regional differences.

Looking at some of the specific parameters used to determine the four groups, the financial reality of Belgian families becomes even more concrete. More than 6 out of 10 Belgian families struggle to pay all their bills. Fortunately, the vast majority of this group (89%) manage to pay them without delay. However, 34% spend their money immediately instead of saving a part to deal with unexpected expenses.

Rising prices for basic daily needs such as energy, gasoline, and food are impacting savings habits: 54% of Belgian households do not systematically save on a monthly basis. Of these, half try to do so, but do not always succeed. A quarter can only save when there is a larger inflow of money. The 35-54 age group in particular has difficulty paying all the family bills, as they spend more money on their children or on repaying their outstanding loans. At the same time, the majority of Belgian households (86%) are adapting their behaviour due to rising costs, by buying less or using less energy for example.

Lack of planning makes financial management difficult

Nearly one in two Belgian families makes no plans beyond the month ahead, and more than a third make no financial plans for their family's future. And even among financially healthy Belgians, 38% do little or no planning. Belgians plan do so mainly for the long term, for example for their retirement or as insurance in case of fire, burglary or flooding. Planning is an important step toward overall financial health; focusing on the short term increases the difficulty of making ends meet financially and increases the risk of arrears.

"Despite the complexity of everyone's personal situation, the simple financial health score in our survey has many benefits," added Kasper Peters, Financial Services Industry Leader at Deloitte. "It makes things concrete at all levels: for the individual, the family, banks, government, and social organisations."

Financial health is closely linked to social wellbeing

Financial literacy is essential for financial health as our ability to assess risk also influences our financial behaviour. Fortunately, in recent years, the government (e.g., Wikifin), Febelfin, Assuralia, education, banks, etc. have invested a lot in financial education. But there is still a long way to go.

The Financial Health Survey considers not only knowledge but also the emotional aspect of money matters. And the results are stark. Of those surveyed, 61% feel powerless to deal with their financial situation. Moreover, half of Belgians surveyed do not know how to cope better with their future financial situation.

Professor Kris Boudt of Ghent University: *"A financially healthy population has an important and positive impact on society. We need to give citizens a boost in confidence in their own financial skills. Only with greater awareness of financial fitness will we be able to effectively change behaviour. For example, if a family member or colleague talks about financial health and passes on their knowledge, it quickly has a positive impact on those around them."*

Collaboration within the financial ecosystem is necessary to improve everyone's financial health

There are many great initiatives already to improve some aspects of financial health. However, this study concludes the need to move up a gear and start from a more holistic concept of financial health to achieve concrete behavioural change.

By meeting all of their obligations, financial institutions can play a very positive role in identifying and improving the financial health of their customers. Whether that's through digital channels or through customer contact with their employees.

Inge Ampe, Chief Commercial Officer at Argenta: *"The topic of money needs to be made more accessible. Through transparent, targeted conversations and human-language digital interactions, we at Argenta can contribute to the financial health of our customers. We remain close to our customers, advising them in crucial moments, whether that's when they receive their first salary, they purchase a house, or make an investment. In the future, we will be taking further initiatives to increase the financial resilience of all our clients. This survey gives us a good starting point."*



Together, financial institutions, nonprofits, governments, research institutes, and regulators can create the right tools to improve the financial health of the entire Belgian population. This research gives us the clarity and understanding of where we stand today so that we can move forward together.

Rationale for the research

To understand and measure the financial health of Belgians, Deloitte designed and conducted a survey in 2022. In this survey, selected families and individuals were asked about their situation, behaviour, attitudes, and feelings when it comes to income, spending, saving, borrowing, planning, and skills. The survey also looked at their financial knowledge and general financial attitudes. Deloitte conducted similar research in the Netherlands.

For this study, a questionnaire was administered to 4,000 representative Belgians through research firm iVox during the period 9 to 29 November 2022. The survey was conducted in collaboration with Ghent University and Argenta.

Deloitte in Belgium

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Argenta

Argenta Bank- en Verzekeringsgroep is a banking and insurance group for households, active in Belgium and the Netherlands, serving 1.71 million customers. The banking activity is grouped around Argenta Spaarbank and the insurance activity around Argenta Assuranties.

The group's balance sheet total amounts to more than €55.451 billion (31 December 2021). The annual net profit of the Argenta Banking and Insurance Group is €268 million as of 31 December 2021.

Argenta's press releases can also be found on the website www.argenta.be under the tab: About Argenta.