

Over A Third Of Canadians Admit They Don't Have The Money So Spending Less Or Postponing Purchase

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Global market intelligence firm Synovate today released data from its global money and finance survey, revealing that many Canadians have permanently changed their attitudes towards saving as a result of the credit crunch.

More than one third (37%) of Canadians say they don't have enough money and are postponing spending on large purchases or spending less, 20% have written or revised budgets in the past six months and 4% have even delayed having a baby.

Synovate surveyed around 11,400 respondents from 16 markets across the world, including 1,012 from Canada to find out what they had changed about their money management style and attitudes in the year since the global financial crisis hit.

Change, change, change

The survey showed that the way people around the world transact and bank has changed quickly and in some fairly dramatic ways over the past twelve months.

Around one in four Canadian respondents (28%) are using less cash now while only 12% are using more. Credit cards usage is somewhat the same - 22% are swiping less compared to 18% who are using their cards more.

Of all the payment methods, debit cards usage has increased the most at 21%.

Rob Myers, managing director for Synovate Canada, said,

"The fact is that people now have less cash in their wallets. Our plastic money - debit and credit cards - make it convenient for us to not go to the bank or an ATM for cash, and give us a little more permission to spend freely."

If not revolution, certainly evolution

Much of the news about the global financial crisis has been about big structural changes at big financial institutions.

But what changes are 'regular people' making? Here are some fast facts on consumer financial changes in Canada:

- Five percent of people say they have changed their bank in the past six months
- Eight percent have taken money out of the stock market or sold shares
- Similarly, 9% have switched to safer investments
- Six percent have taken money out of retirement accounts
- An overall 12% have increased their amounts of emergency reserves
- Of course some people have had to dip in too... 10% have decreased their amounts of emergency reserves
- One in ten people has closed a credit card account
- One in ten also opened a credit card account
- Fourteen percent of respondents made a late credit card payment
- Six percent have taken out a loan to cover costs
- Another six percent refinanced a loan or consolidated their debt
- A hefty 20% of all respondents have written or revised their budgets
- One in ten people said they lost their jobs in the past six months

But not everyone has had to change.

Thirty-eight percent of Canadians have maintained the status quo on all of these possible actions.

Our neighbouring Americans hold roughly the same percentage at 40%.

Credit crunched my lifestyle

The survey showed that people are making some life - or at least lifestyle - changing decisions. A good number of Canadians have postponed or spent less on the following: purchasing a new TV, computer or other large appliance (25%), going on a holiday (19%) and purchasing a car (17%).

And changes have been more personal too. An overall 4% have postponed having a baby, and 3% had to cut spending or postpone their wedding.

In terms of property investment, one in ten Canadians have postponed or spent less on purchasing a home and another

16% changed their plans to add onto a home (e.g. an extension or renovation).

Myers claims that, "With the high job cuts in Canada, Canadians are uncertain about their job security. To plan ahead, they know they need to spend wisely and hold back on any unnecessary expenses".

Why not spend?

Among the people who delayed a major purchase, changed a life decision or spent less, the top reason for over a third Canadians (37%) was that they didn't have enough money, but there were some other more intriguing reasons too.

Fourteen percent of Canadians said they could afford it but thought it wise to wait, 12% were waiting for a bargain and another 12% thought it just seemed wrong to spend a lot at the moment. So it seems some 'could' spend but are simply choosing not to.

Compared to Americans, Canadians seem to have really tightened their belts! Close to half of Americans (45%) claim they don't have enough money, 15% feel it's wrong to spend a lot at the moment and 11% are waiting for the bargain hunt.

Money for nothing

It doesn't happen to many of us, but Synovate asked our fellow Canadians what they would do if Cdn\$1,000 landed in their lap today, to understand people's financial priorities during the current economic crisis.

The responses were:

- Pay off / pay down debt " 40%
- Put it in a bank savings account " 20%
- Spend it on necessities like food or household bills " 13%
- Spend it on something fun " 13%

Myers explained the focus on paying down debt: "Canadians are fairly conservative financially, and especially during these tough times.

Given the low interest rates on savings and the uncertain investment market it is no surprise that Canadians want to reduce their debt."

Money matters

Canada is the world's largest multi-cultural nation so it's no surprise to see that 81% of Canadians agreed that it is the responsibility of each generation to leave the country better off for the next generation.

Three quarters of the people surveyed also claim that if they have economic challenges, they really would prefer their neighbours not knowing about it " this may be a cultural issue.

"Immigrants come to Canada looking for a better future. What makes Canada unique is the majority of immigrants can settle down and quickly adjust to their new lifestyle while being able to keep their culture. However, it still takes time to call a new place home so sharing personal information such as finances with neighbours is not comfortable to all," says Myers.

Other attitudinal findings include:

- Two thirds of Canadians see a need for more government regulations on the financial services industry so that the financial crisis doesn't happen again
- 44% say they will do their best to not go back to spending what they used to before the economic downturn
- 38% claim the economic crisis has permanently changed their attitudes about the importance of saving money
- Close to a third agree that they will not invest in the stock market in the future
- Another 19% agree they will not invest in property in the future
- 37% of Canadians say their trust in financial institutions has declined dramatically
- A little over a quarter of respondents in Canada are glad for the economic crisis as it helped them recognize their priorities
- 28% are looking forward to being able to spend freely again - they've missed it!

About Synovate global survey on money and finance

This Synovate survey on money and finance was conducted in August 2009, surveying more than 11,400 respondents across 16 markets - Australia, Brazil, Canada, Denmark, France, Hong Kong, India, Malaysia, New Zealand, Russia, Serbia, South Africa, Spain, Taiwan, UK and the USA.

For more information on this survey, visit www.synovate.com/insights .

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