

WEALTHSCAPES 2018

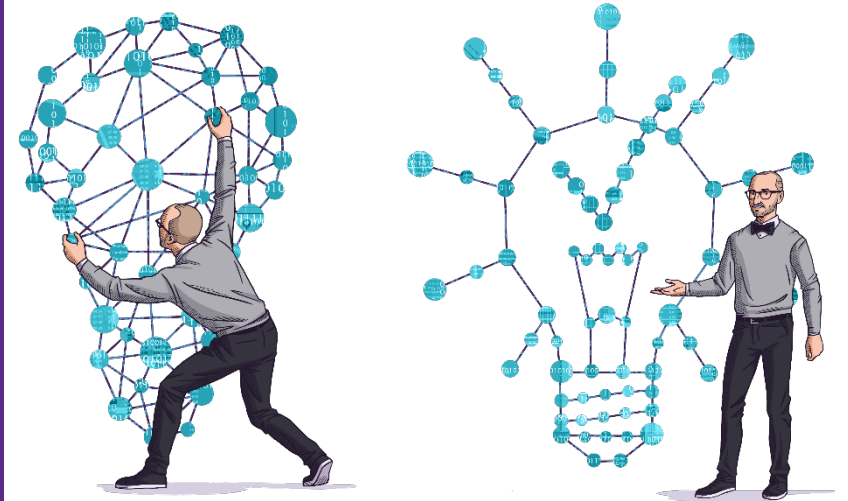
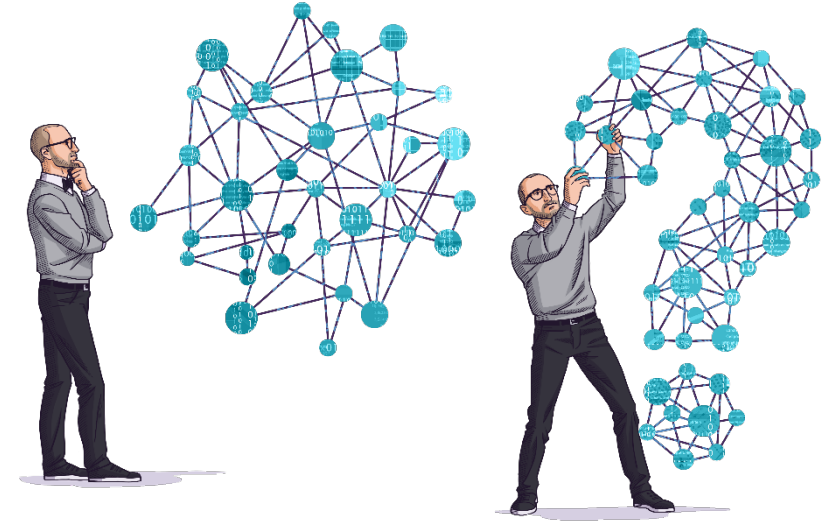
September 13, 2018

ENVIRONICS
ANALYTICS



WealthScapes

DATA. ANALYTICS.



INSIGHTS. RESULTS.

AGENDA

- Introductions and Housekeeping
- Overview of WealthScapes
- 2018 Updates
- Canada's Financial Climate
- The Debt Pinch
- Applications
 - How Financial Institutions can Leverage WealthScapes
 - Using WealthScapes Fundraiser to Understand Current and New Donors
- Questions



TODAY'S PRESENTERS



Peter Miron

Senior Vice
President
Research and
Development



Michael Warner

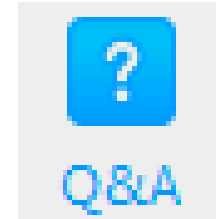
Vice President
Client Development



Rupen Seoni

SVP & Practice Leader
Public and Not-for-
Profit

- Listen-only mode for attendees
- Questions at the end. Use the Webex Q&A Feature in your Interface
- Technical difficulties? 1-866-229-3239
- Presentation deck will be available at:
environicsanalytics.com/webinars



AGENDA

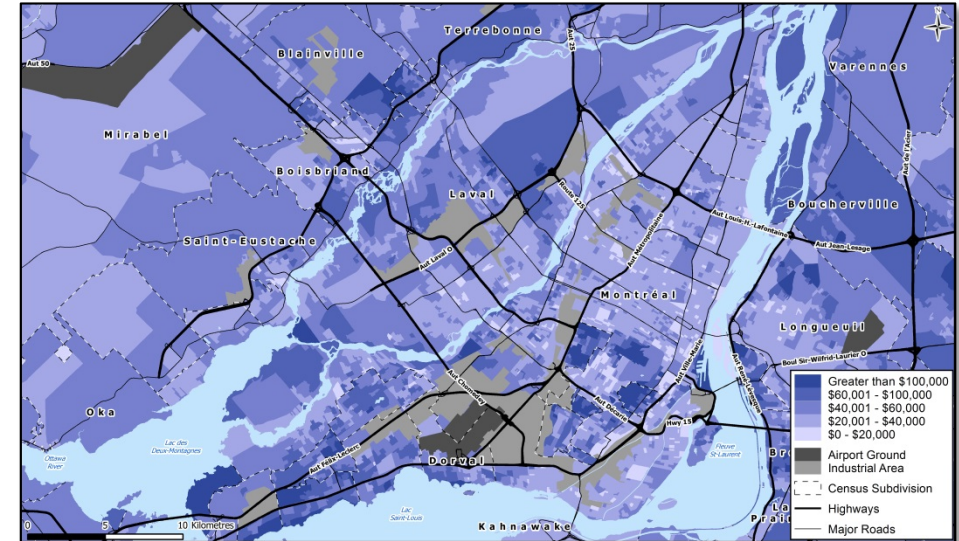
- Introductions and Housekeeping
- Overview of WealthScapes
- 2018 Updates
- Canada's Financial Climate
- The Debt Pinch
- Applications
 - How Financial Institutions can Leverage WealthScapes
 - Using WealthScapes Fundraiser to Understand Current and New Donors
- Questions



WEALTHSCAPES 2018

SUMMARY

- Detailed measures of assets, debt and wealth of Canadian households as of Dec. 31, 2017
- 178 financial and investment statistics
- Historical data from Dec. 31, 2016 to better understand of trends
- Based on more than 30 different data sources including privacy-friendly aggregated data from Bank of Canada, Canada Revenue Agency, Equifax, Statistics Canada and Teranet-National Bank
- Controlled to accepted totals used by Chief Economists
- 100% Canadian coverage: Built at the dissemination area level and linkable to the six digit postal code



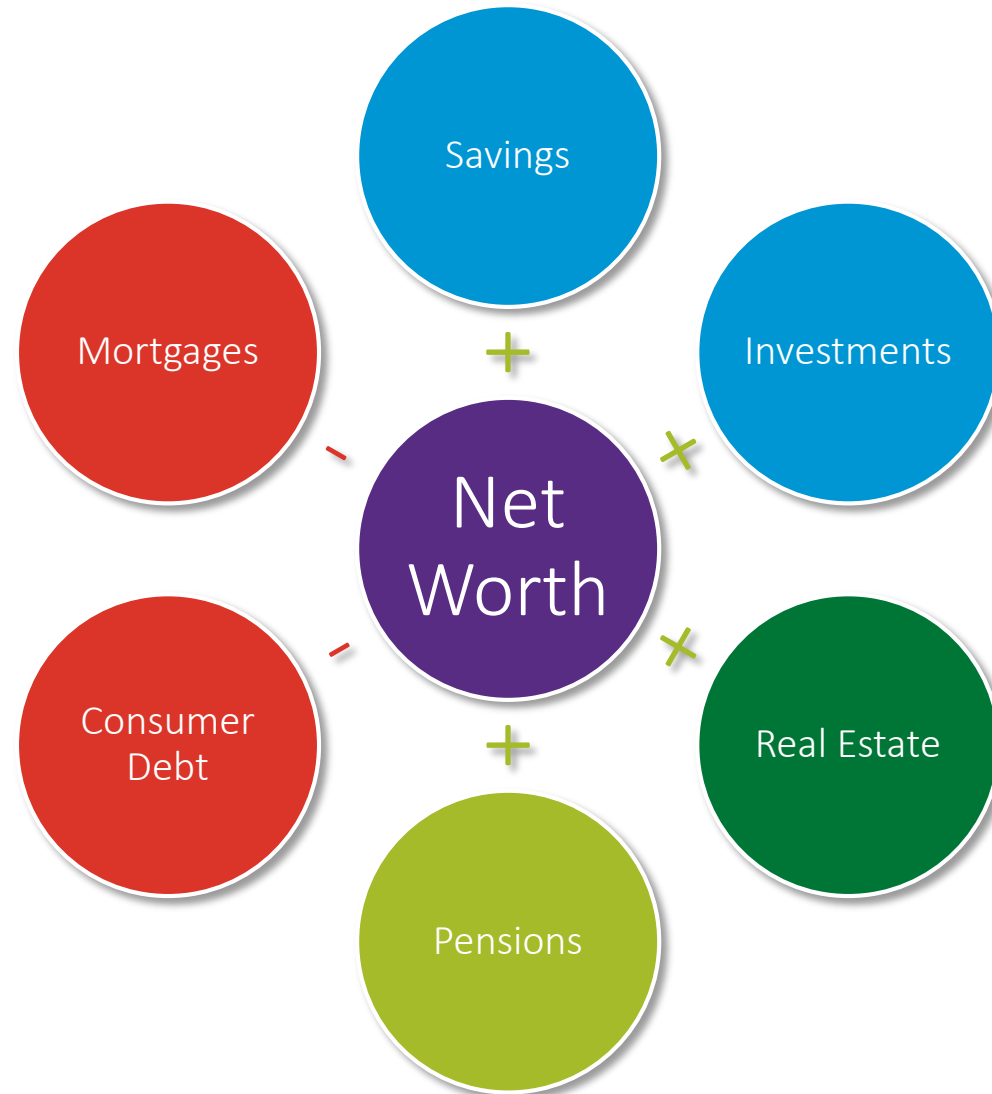
A NEIGHBOURHOOD LEVEL BALANCE SHEET

CANADIAN AVERAGE VALUES PER HOUSEHOLD

	2017	2016		2017	2016
Assets	\$952,543	\$882,865	Debts	\$144,671	\$138,501
Liquid Assets	\$293,332	\$275,192	Consumer Debts	\$41,125	\$39,434
Savings	\$97,688	\$94,828	Credit Cards	\$6,352	\$6,240
Demand Deposits	\$57,774	\$55,893	Lines of Credit	\$17,928	\$17,702
Term Deposits	\$39,914	\$38,935	Secured Lines of Credit	\$13,265	\$13,249
Investments	\$195,644	\$180,365	Unsecured Lines of Credit	\$4,662	\$4,453
Bonds	\$8,965	\$8,723	Loans	\$16,846	\$15,493
Investment Funds	\$110,719	\$100,233	Mortgage Debt	\$103,546	\$99,066
Segregated Funds	\$13,861	\$13,244			
Mutual Funds	\$96,859	\$86,989	Net Worth	\$807,872	\$744,364
Stock	\$75,959	\$71,408			
Real Estate	\$508,675	\$463,044			
Primary Real Estate	\$388,861	\$355,162			
Other Real Estate	\$119,814	\$107,882			
Employer Pension Plans	\$150,536	\$144,628			

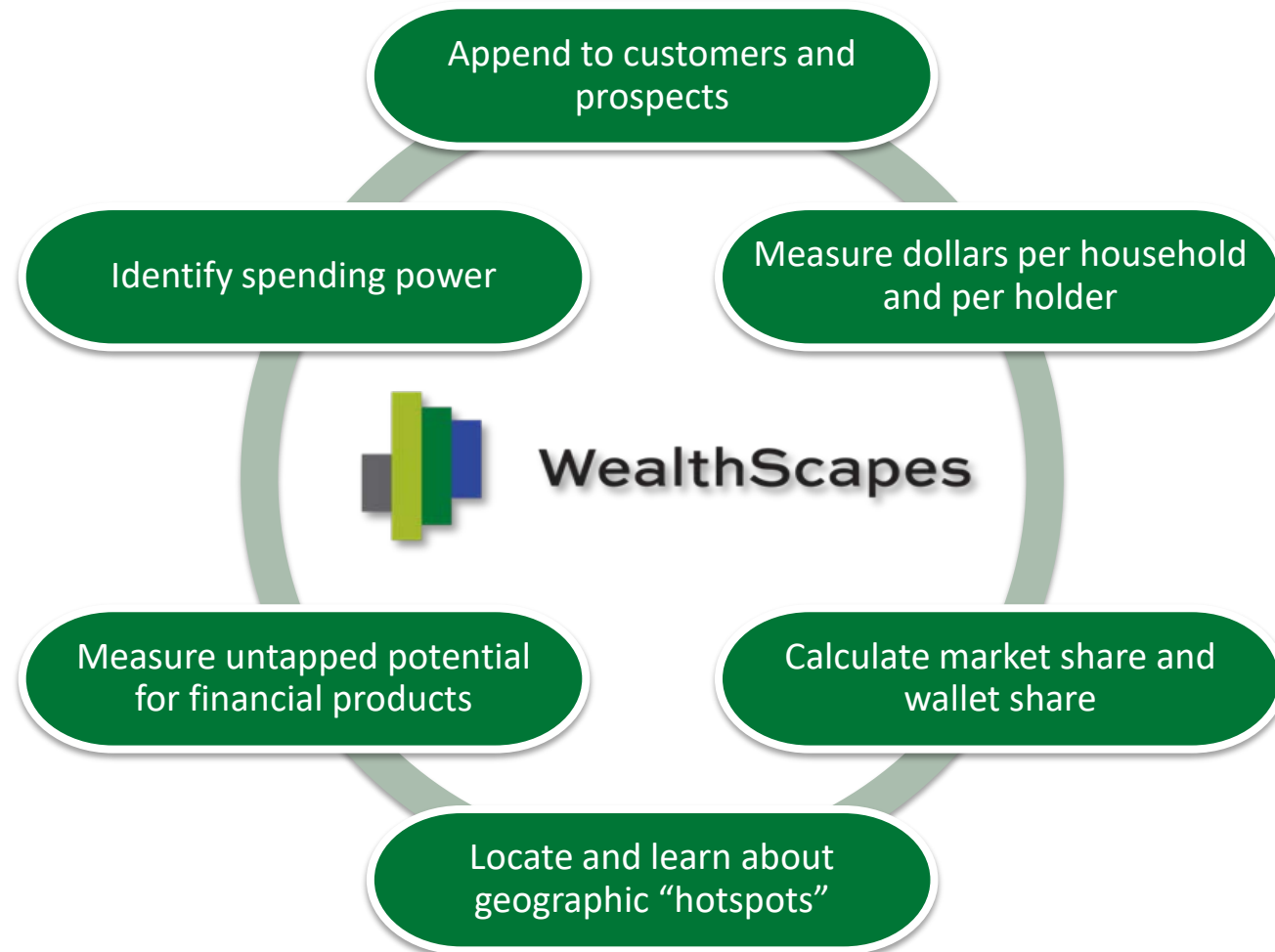
SEVEN DIMENSIONS OF HOUSEHOLD WEALTH

A 360° VIEW OF THE HOUSEHOLDS' FINANCES



APPLICATIONS

INCLUDES PRODUCT HOLDERSHIP AND BALANCES



CANADIAN FINANCIAL DATA

9 DATASETS



Financial



WealthScapes



WealthScapes Daytime



WealthScapes Fundraiser



LiquidAssets



AgeByIncome



HouseholdSpend



FoodSpend

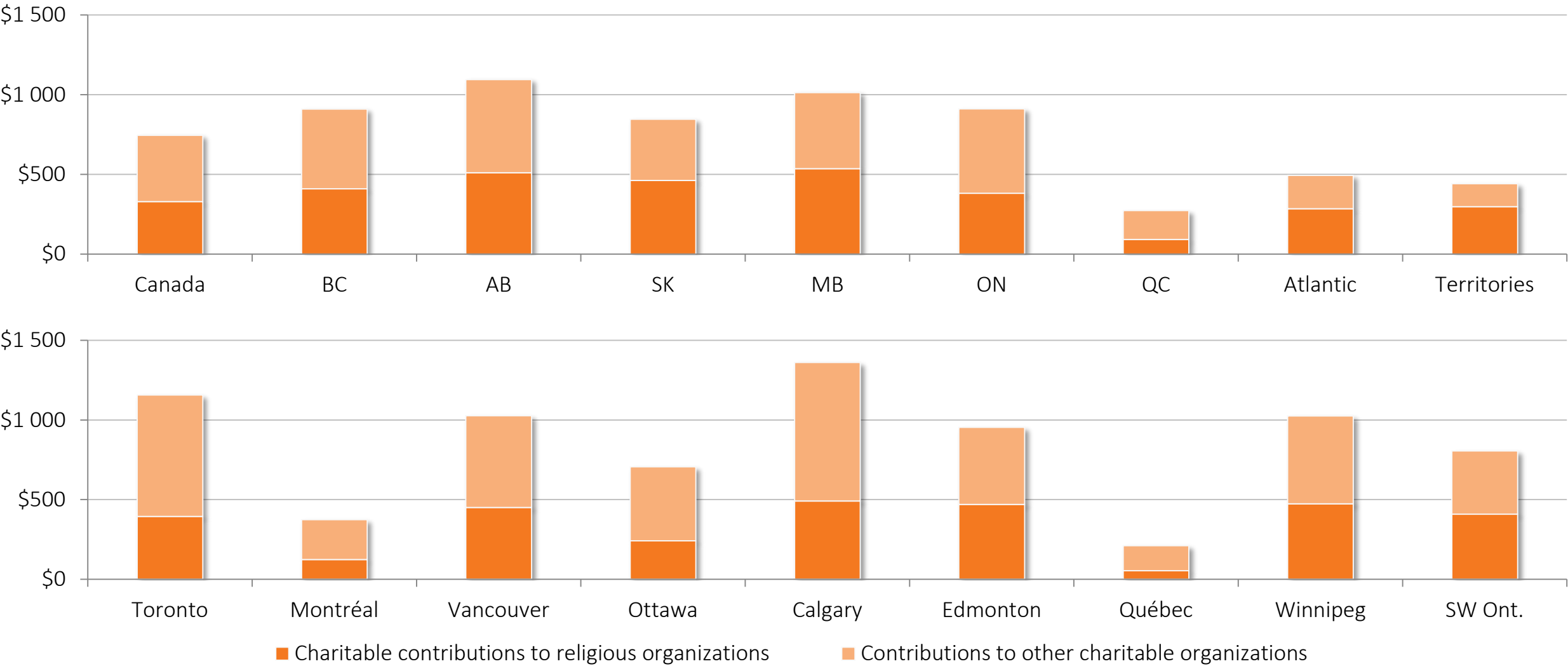


MoneyMatters
Powered by Canadian Financial Monitor



Neighbourhood View™

CHARITABLE DONATIONS PER HOUSEHOLD, 2018



AGENDA

- Introductions and Housekeeping
- Overview of WealthScapes
- 2018 Updates
- Canada's Financial Climate
- The Debt Pinch
- Applications
 - How Financial Institutions can Leverage WealthScapes
 - Using WealthScapes Fundraiser to Understand Current and New Donors
- Questions



UPDATES FOR WEALTHSCAPES 2018

INCORPORATION OF THE 2016 CENSUS

- WealthScapes 2018 is now built on the 2016 Census geography frame
 - Built up from the 2016 dissemination areas
- Incorporation of first-wave release census statistics



2016

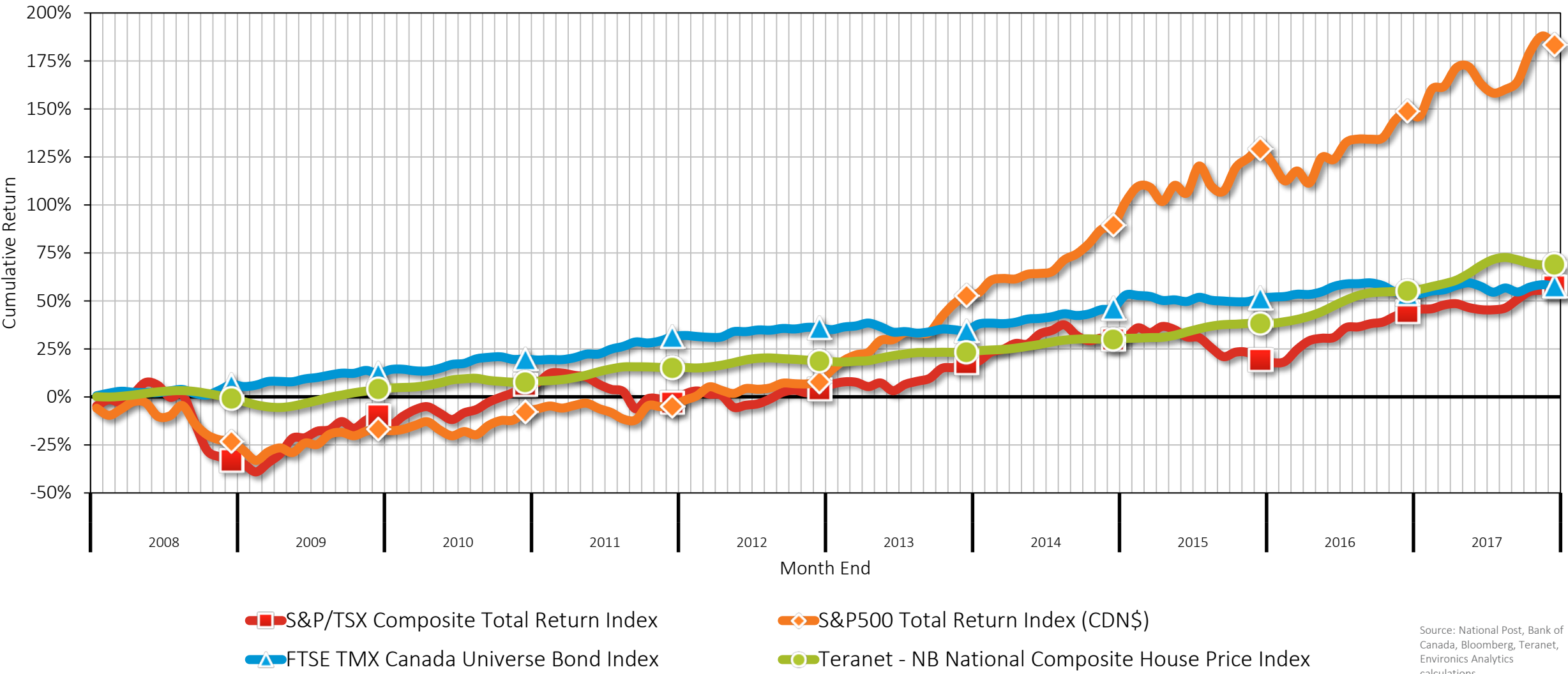
CENSUS • RECENSEMENT

AGENDA

- Introductions and Housekeeping
- Overview of WealthScapes
- 2018 Updates
- Canada's Financial Climate
- The Debt Pinch
- Applications
 - How Financial Institutions can Leverage WealthScapes
 - Using WealthScapes Fundraiser to Understand Current and New Donors
- Questions

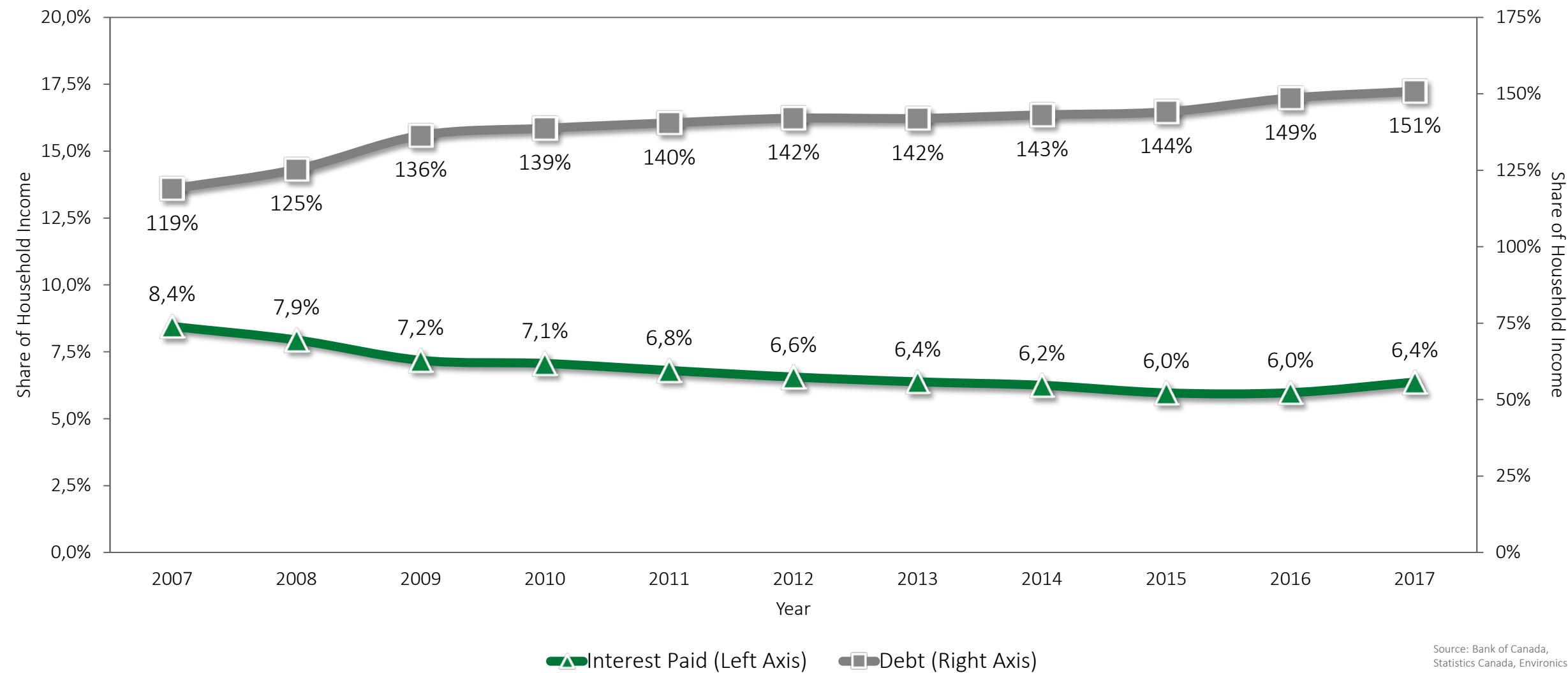


ASSET TRENDS



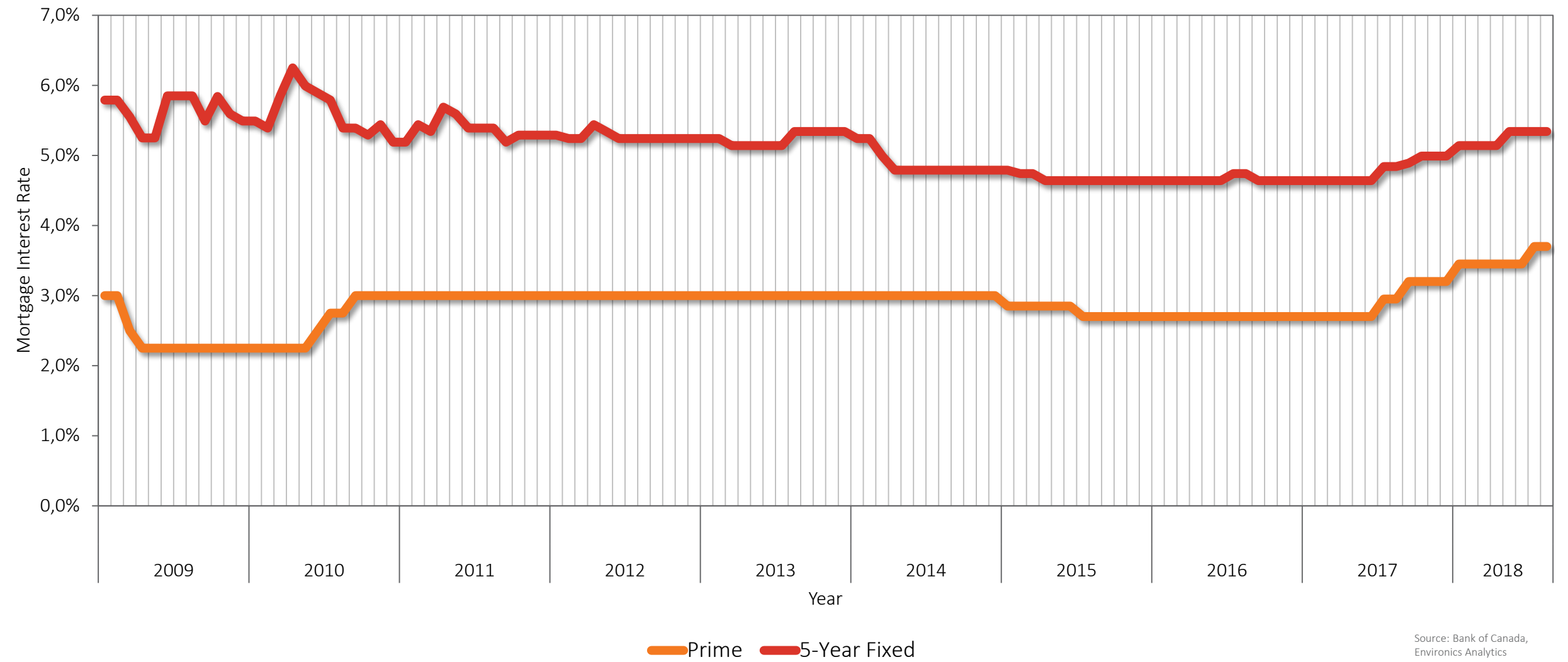
Source: National Post, Bank of Canada, Bloomberg, Teranet, Environics Analytics calculations

DEBT TRENDS



Source: Bank of Canada,
Statistics Canada, Environics
Analytics calculations

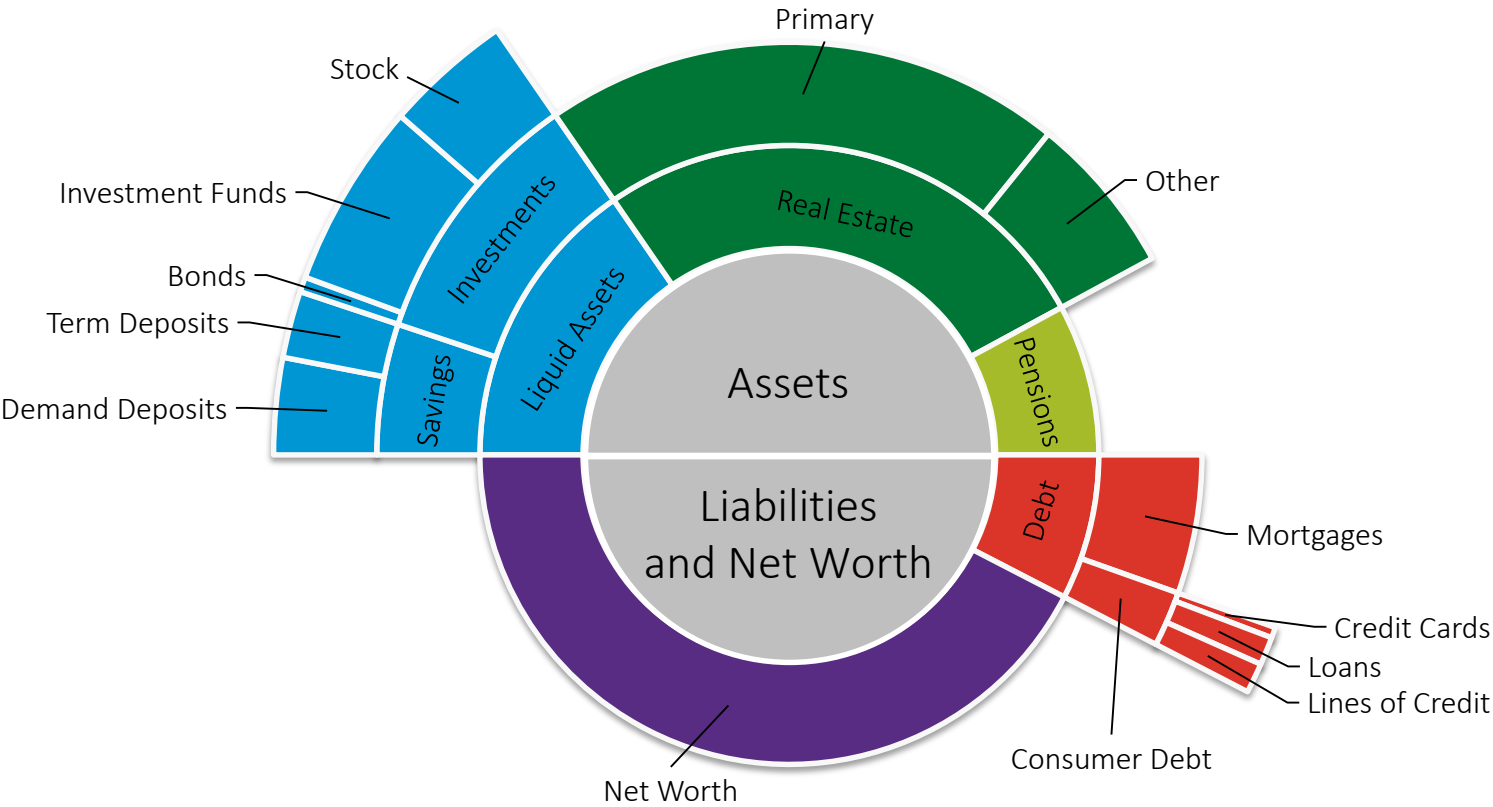
INTEREST RATE TRENDS



Source: Bank of Canada,
Environics Analytics
calculations

CANADA AT A GLANCE

CANADIAN HOUSEHOLD ASSETS, DEBTS AND NET WORTH



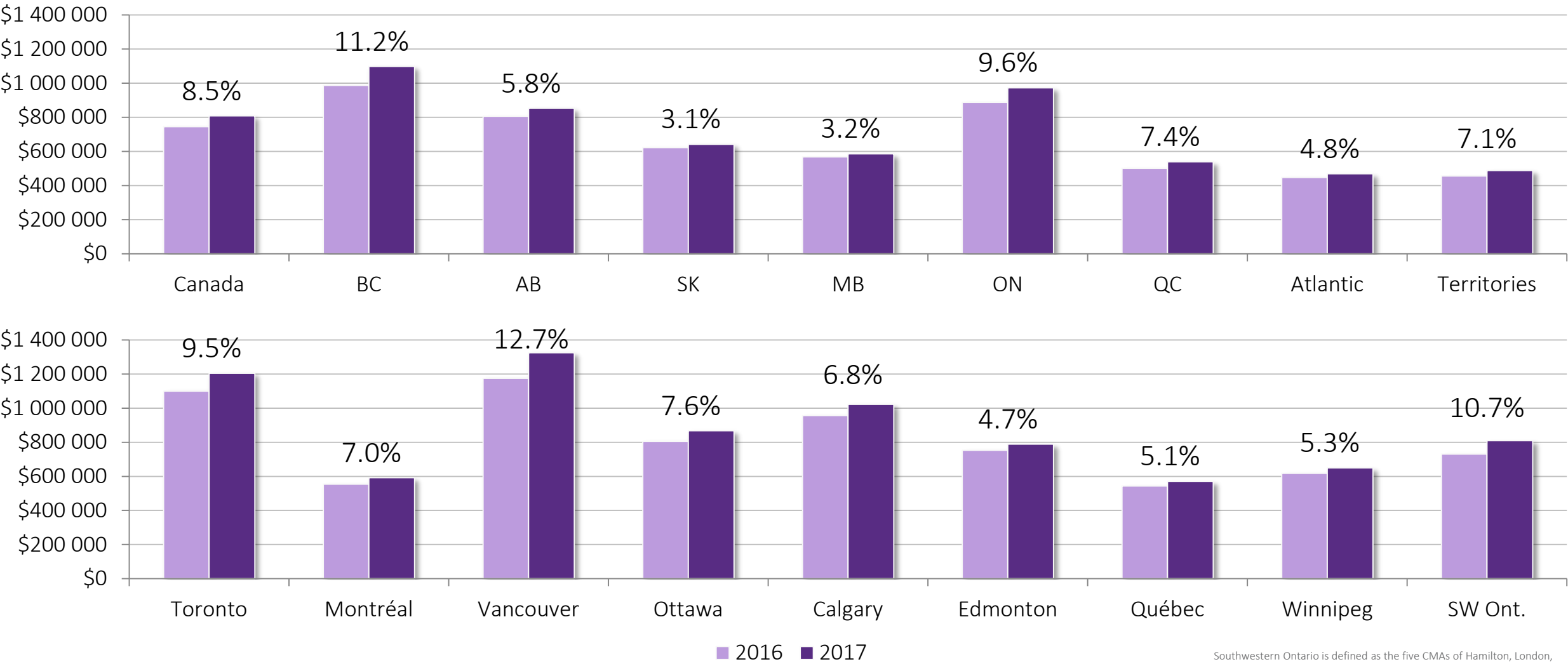
CANADA AT A GLANCE

CANADIAN AVERAGE VALUES AND GROWTH RATES PER HOUSEHOLD

	2017	Growth		2017	Growth
Assets	\$952,543	▲ 7.9%	Debts	\$144,671	▲ 4.5%
Liquid Assets	\$293,332	▲ 6.6%	Consumer Debts	\$41,125	▲ 4.3%
Savings	\$97,688	▲ 3.0%	Credit Cards	\$6,352	▲ 1.8%
Demand Deposits	\$57,774	▲ 3.4%	Lines of Credit	\$17,928	▲ 1.3%
Term Deposits	\$39,914	▲ 2.5%	Secured Lines of Credit	\$13,265	▲ 0.1%
Investments	\$195,644	▲ 8.5%	Unsecured Lines of Credit	\$4,662	▲ 4.7%
Bonds	\$8,965	▲ 2.8%	Loans	\$16,846	▲ 5.7%
Investment Funds	\$110,719	▲ 10.5%	Mortgage Debt	\$103,546	▲ 4.5%
Segregated Funds	\$13,861	▲ 4.7%			
Mutual Funds	\$96,859	▲ 11.3%	Net Worth	\$807,872	▲ 8.5%
Stock	\$75,959	▲ 6.4%			
Real Estate	\$508,675	▲ 9.9%			
Primary Real Estate	\$388,861	▲ 9.5%			
Other Real Estate	\$119,814	▲ 11.1%			
Employer Pension Plans	\$150,536	▲ 4.1%			

BUOYANT BRITISH COLUMBIA AND ONTARIO

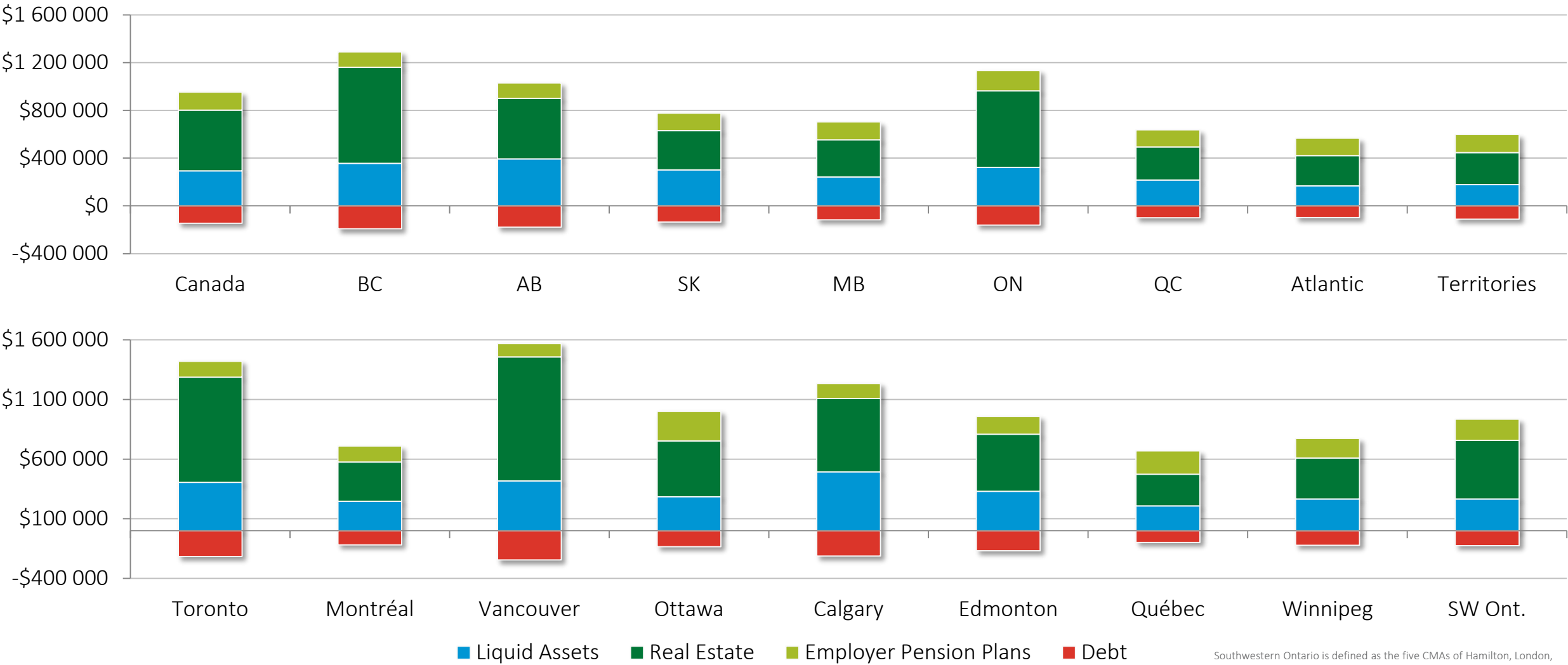
NET WORTH PER HOUSEHOLD



Southwestern Ontario is defined as the five CMAs of Hamilton, London, Kitchener - Cambridge - Waterloo, St. Catharines - Niagara, and Windsor

THE DIFFERING WEALTH CONCENTRATIONS

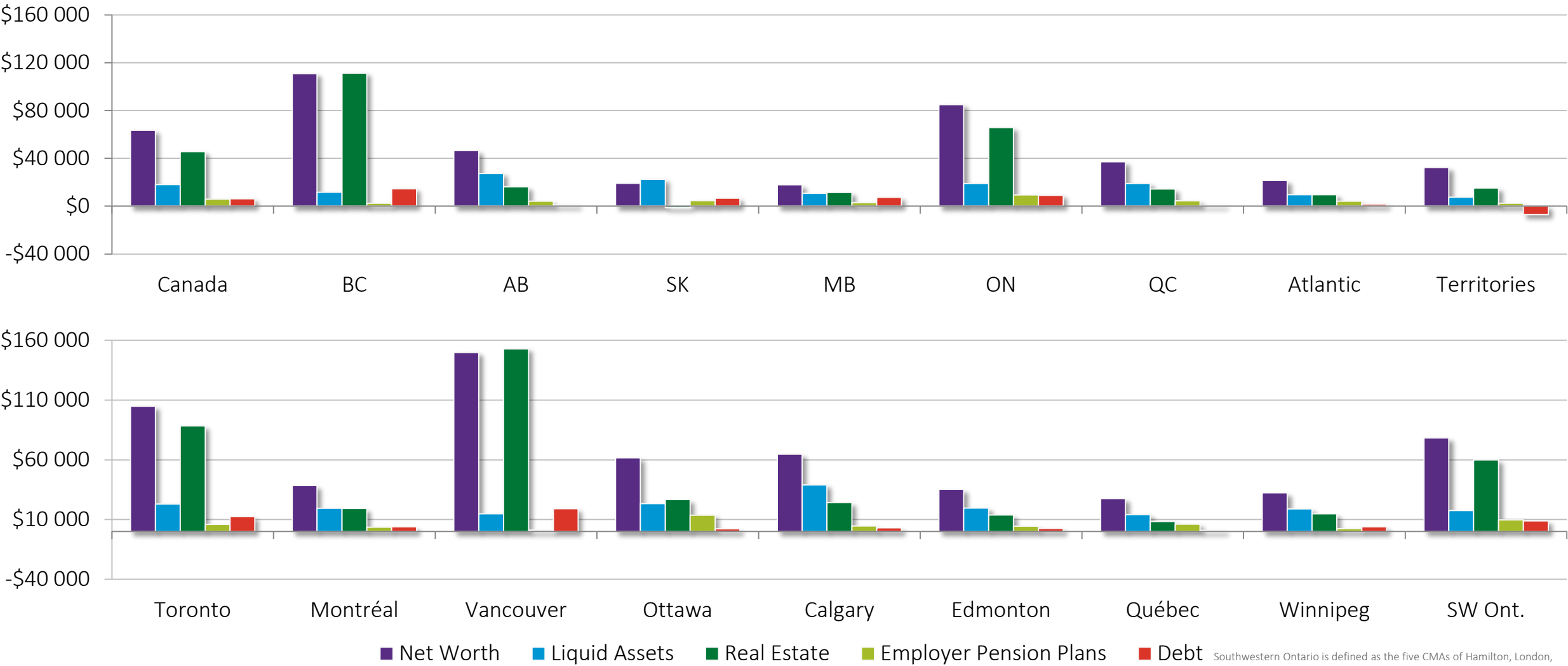
NET WORTH COMPONENTS PER HOUSEHOLD, 2017



Southwestern Ontario is defined as the five CMAs of Hamilton, London, Kitchener - Cambridge - Waterloo, St. Catharines - Niagara, and Windsor

REAL ESTATE REMAINS THE PROTAGONIST

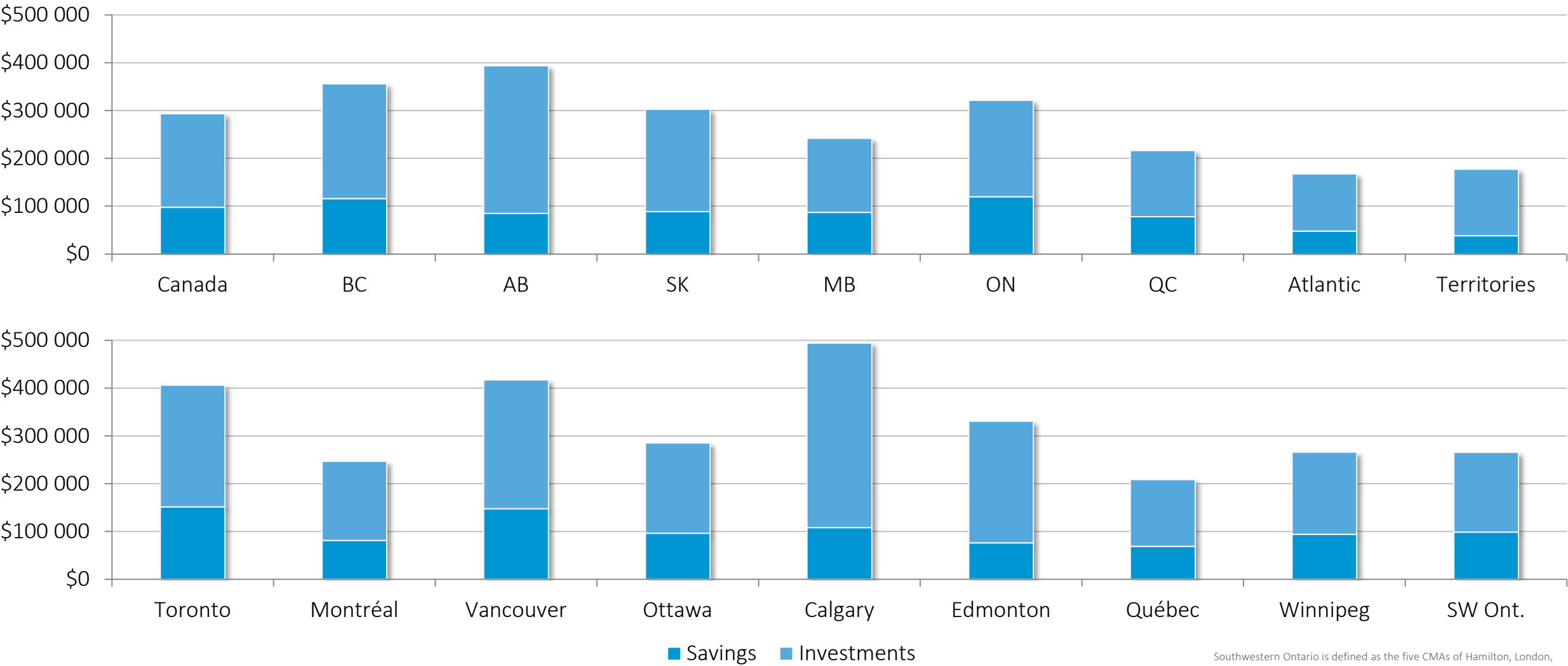
NET WORTH AND COMPONENT CHANGE PER HOUSEHOLD, 2016 TO 2017



Southwestern Ontario is defined as the five CMAs of Hamilton, London, Kitchener - Cambridge - Waterloo, St. Catharines - Niagara, and Windsor

WITH RISKS COME REWARDS

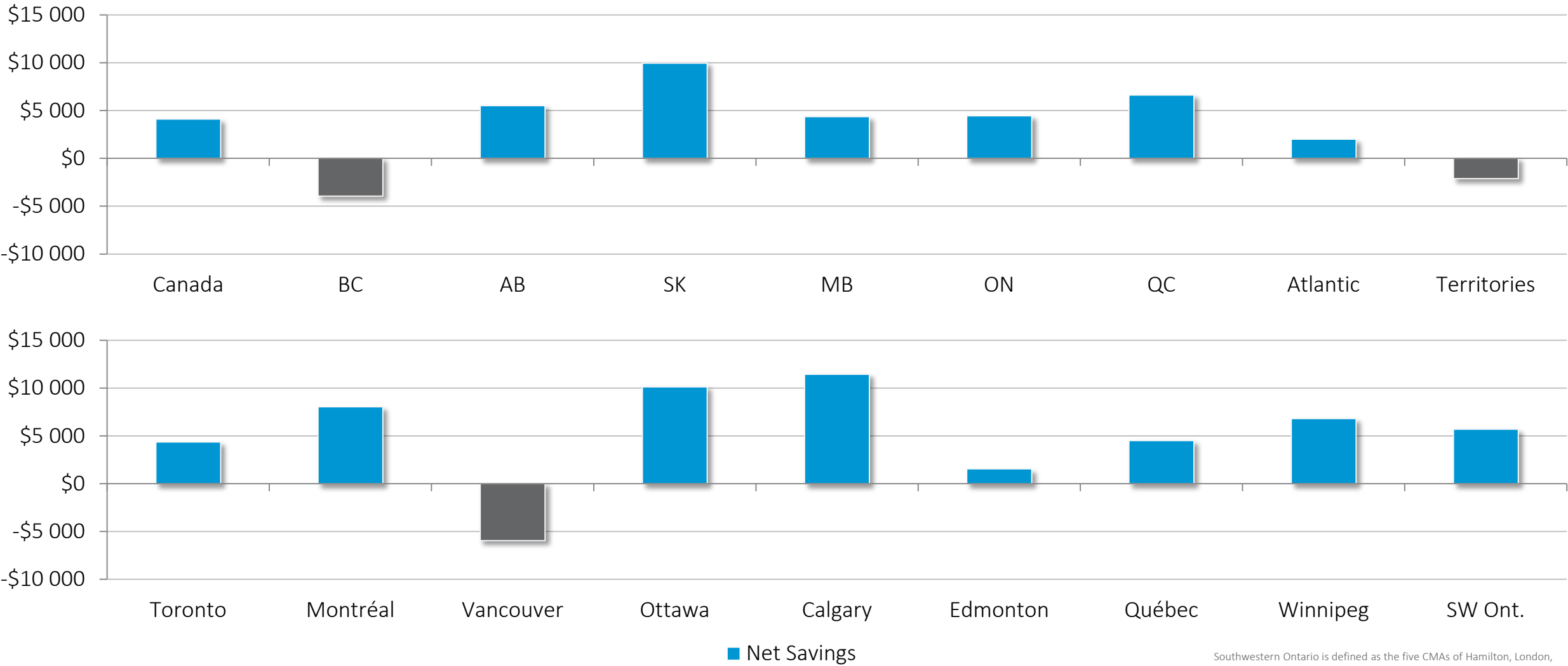
LIQUID ASSETS BY TYPE, 2017



Southwestern Ontario is defined as the five CMAs of Hamilton, London, Kitchener - Cambridge - Waterloo, St. Catharines - Niagara, and Windsor

A NATION OF SAVERS...MOSTLY

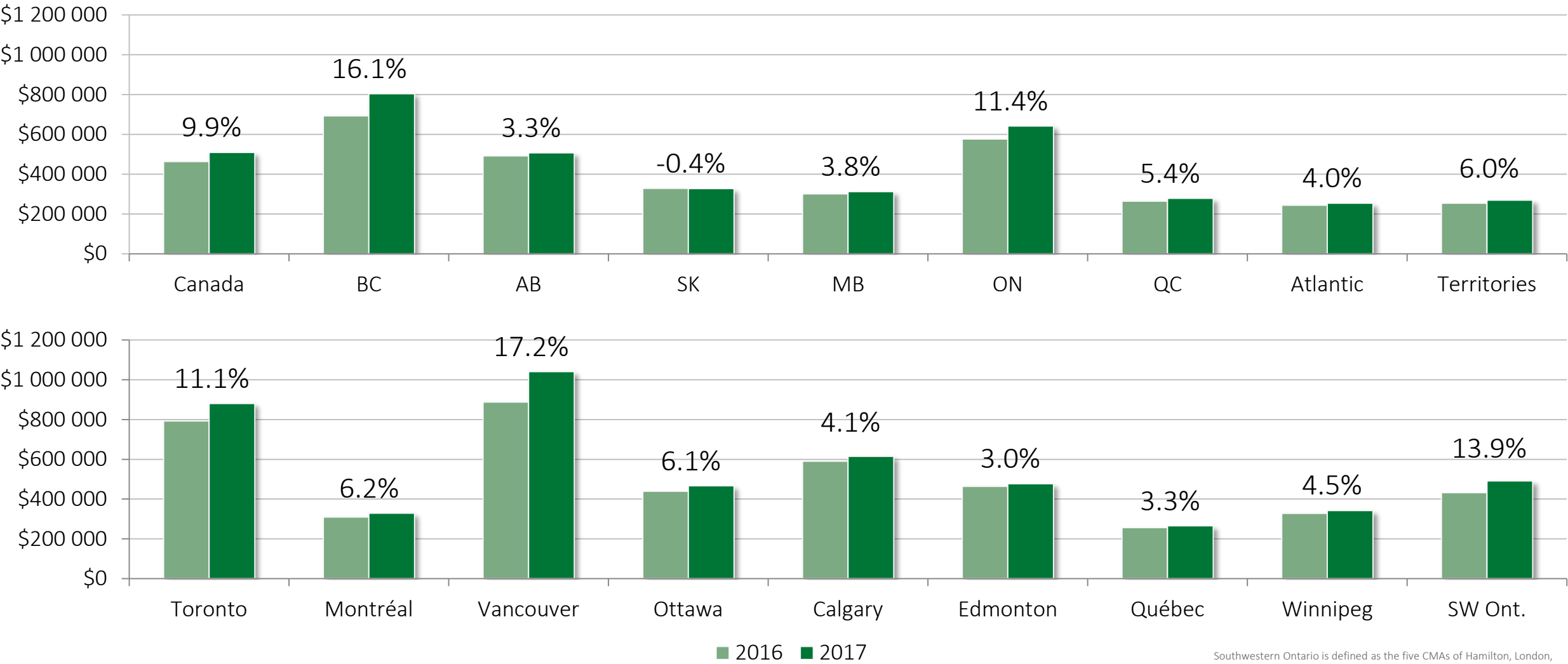
AVERAGE VS. EXPECTED LIQUID ASSETS PER HOUSEHOLD, 2017



Southwestern Ontario is defined as the five CMAs of Hamilton, London, Kitchener - Cambridge - Waterloo, St. Catharines - Niagara, and Windsor

HOME SWEET HOME

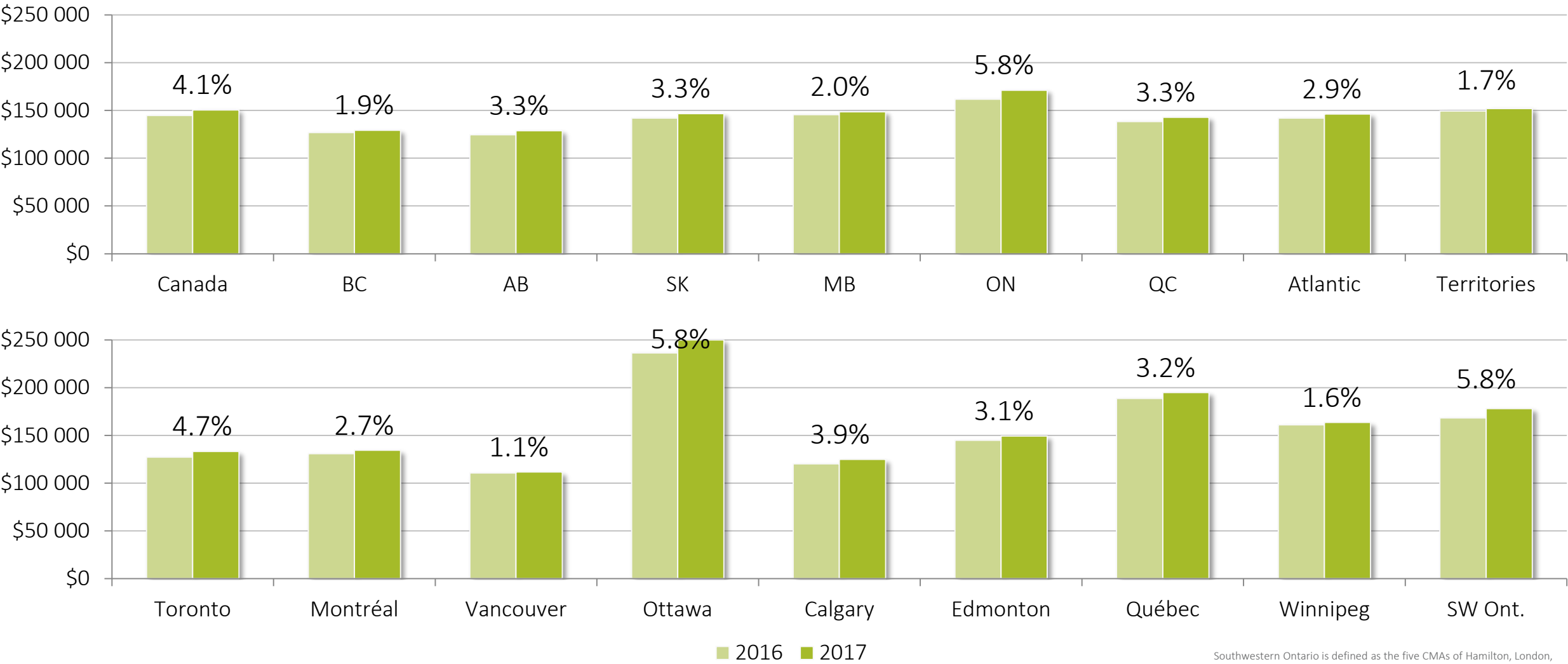
REAL ESTATE VALUE PER HOLDING HOUSEHOLD



Southwestern Ontario is defined as the five CMAs of Hamilton, London, Kitchener - Cambridge - Waterloo, St. Catharines - Niagara, and Windsor

A RISING TIDE OF PENSIONS

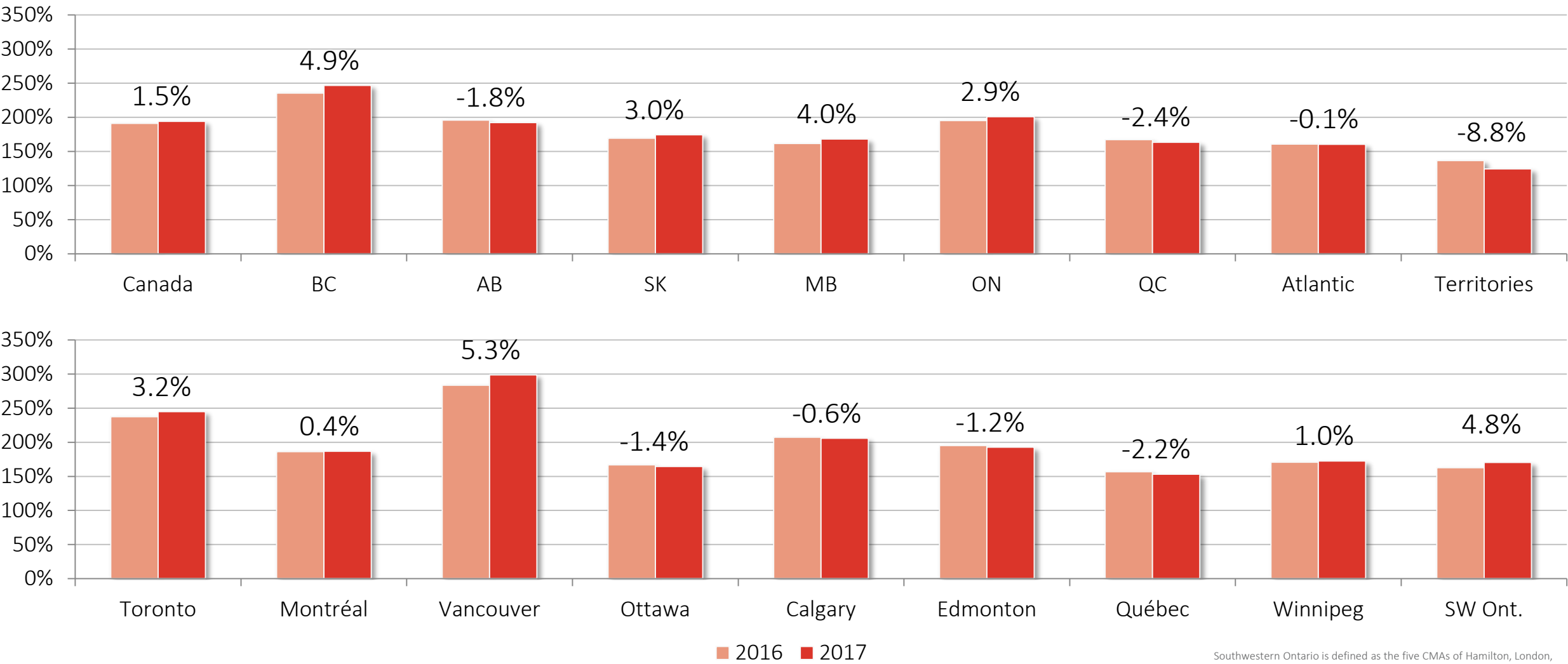
EMPLOYER PENSION PLAN VALUE PER HOUSEHOLD



Southwestern Ontario is defined as the five CMAs of Hamilton, London, Kitchener - Cambridge - Waterloo, St. Catharines - Niagara, and Windsor

DEBT GROWTH STILL OUTPACING INCOME

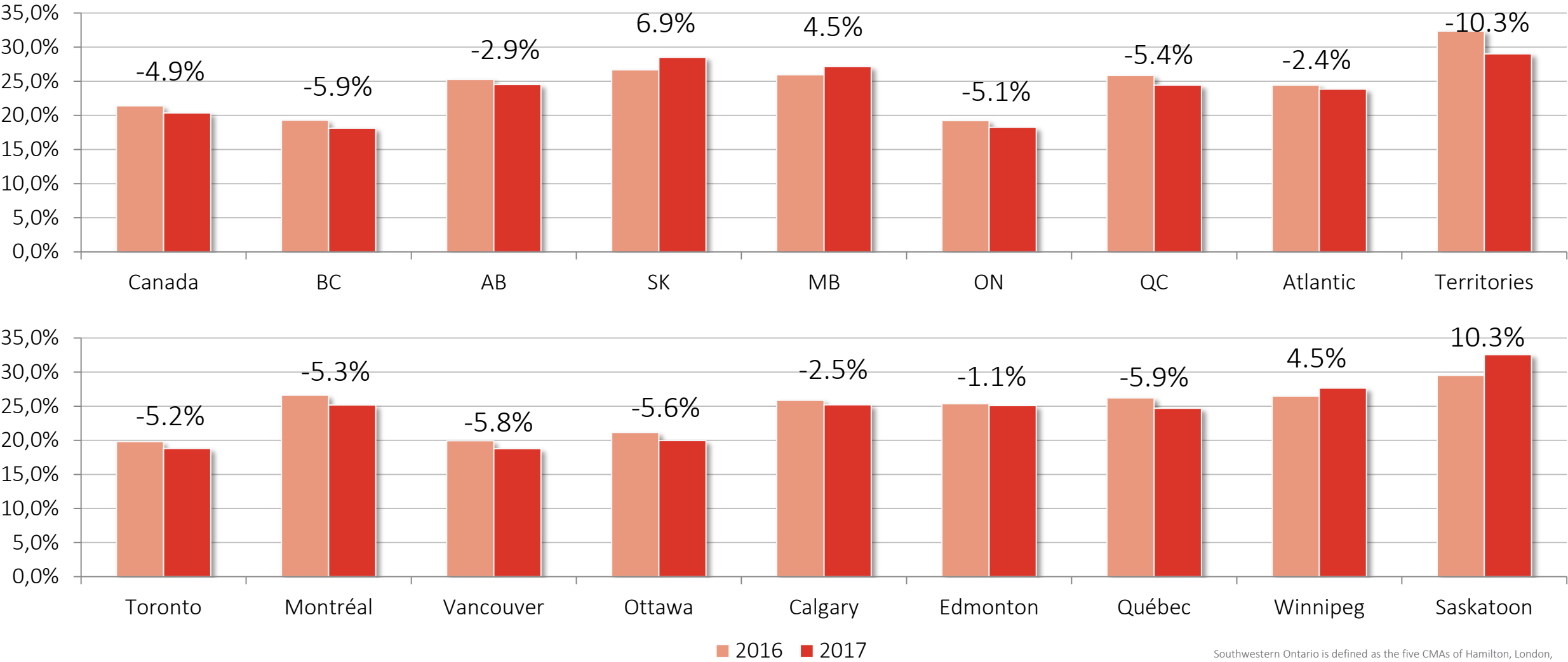
DEBT TO DISPOSABLE INCOME



Southwestern Ontario is defined as the five CMAs of Hamilton, London, Kitchener - Cambridge - Waterloo, St. Catharines - Niagara, and Windsor

REAL ESTATE STILL GROWING FASTER THAN DEBT

MORTGAGE TO REAL ESTATE VALUE



Southwestern Ontario is defined as the five CMAs of Hamilton, London, Kitchener - Cambridge - Waterloo, St. Catharines - Niagara, and Windsor

AGENDA

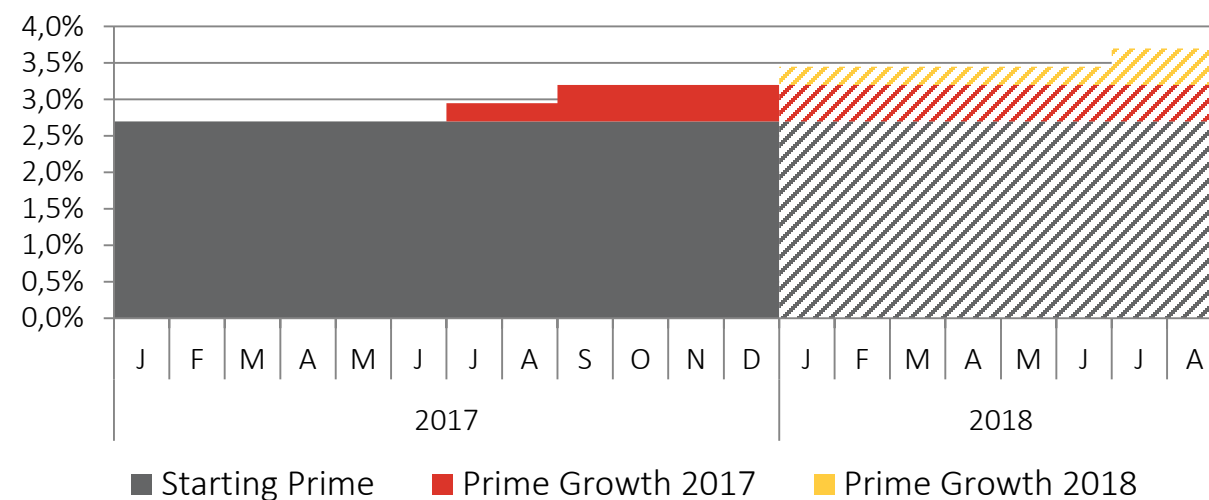
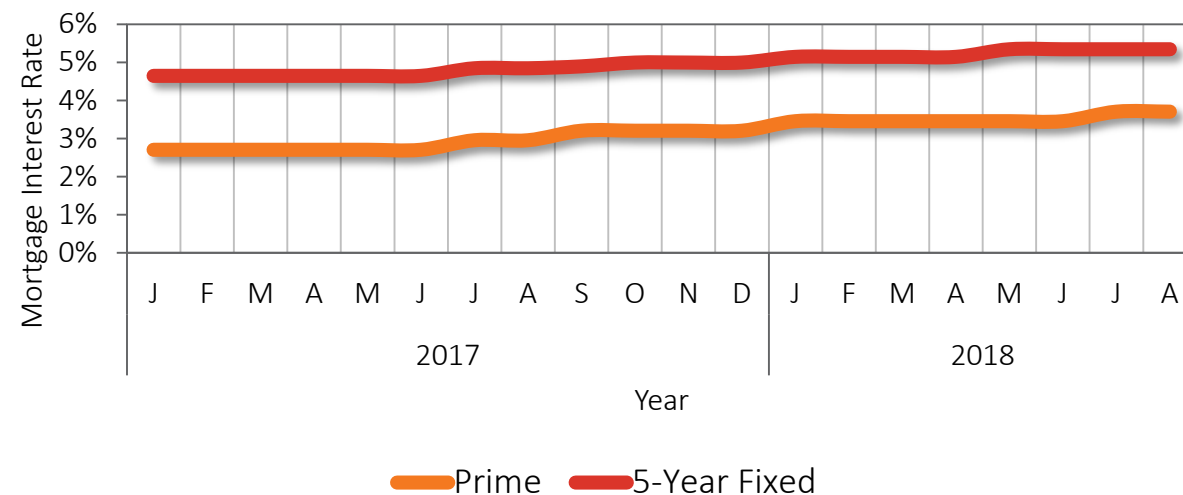
- Introductions and Housekeeping
- Overview of WealthScapes
- 2018 Updates
- Canada's Financial Climate
- The Debt Pinch
- Applications
 - How Financial Institutions can Leverage WealthScapes
 - Using WealthScapes Fundraiser to Understand Current and New Donors
- Questions



INTEREST RATES HAVE FINALLY BEGUN TO RISE

BUT 2017 WAS ONLY THE START

- Both prime and five-year fixed interest rates began to rise in the summer of 2017
- There have been four increases to prime rate in the past two years: two in 2017 and two in 2018
- The net effect of the higher interest rates was an additional \$286 in interest charges per household in 2017; but the full-year effect is likely near 2.4 times greater: \$686
- Rate increases so far in 2018 will add about \$1,200 in interest charges to the average household and likely double once all fixed-term debt is reset to the revised interest rates—before factoring in higher debt balances



INTEREST RATES IN ACTION

MORTGAGE AND CONSUMER DEBT HAVE SIMILAR TOTAL INTEREST BURDENS

- While the majority of Canadian debt is held in mortgages, the interest expense of mortgages and consumer debts are roughly balanced
- The effective interest rate for mortgage debt was 3.0% in 2017, up from 2.9% in 2016
- The effective interest rate for consumer debt was 7.2% in 2017, up from 6.9% in 2016
- The full effect of the interest rate increases have yet to be felt by Canadian households

Debt

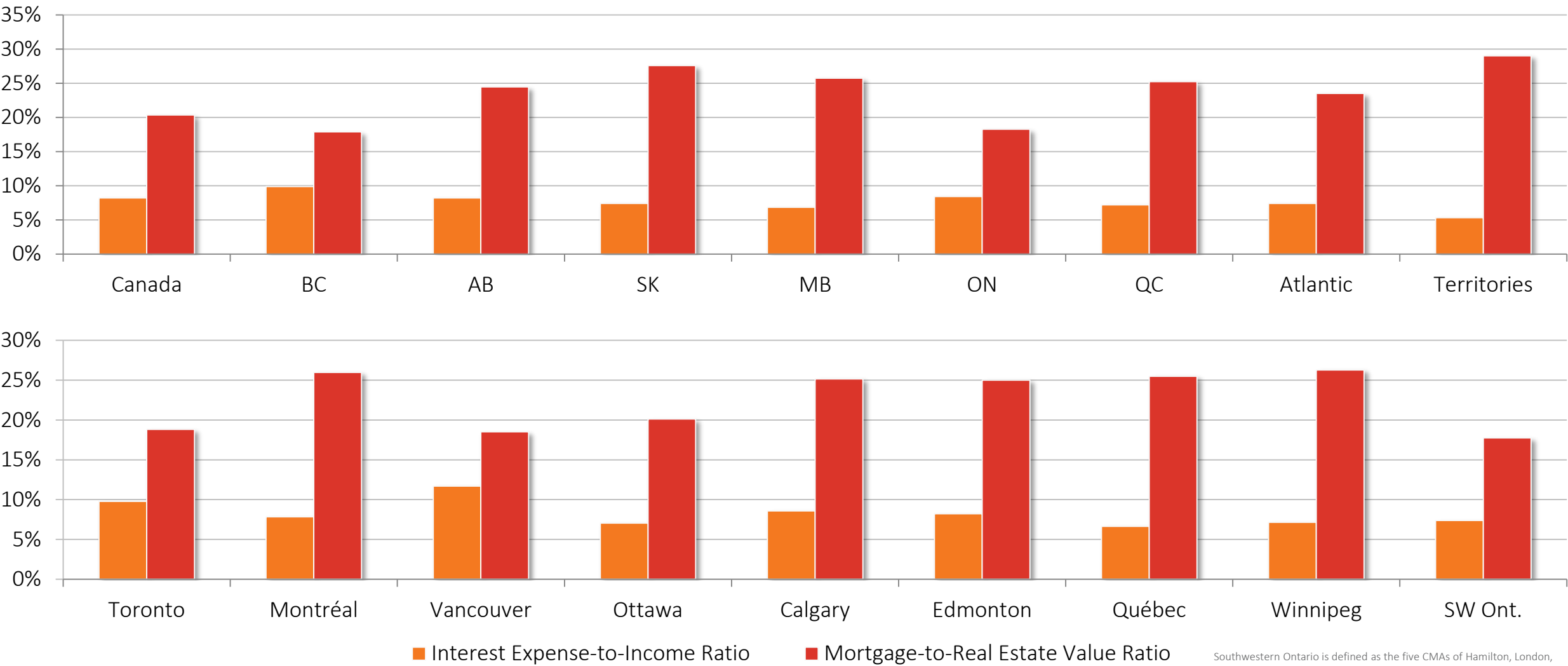


Interest Expense



A GREAT BALANCE SHEET BUT A CASH FLOW PINCH

DEBT AFFORDABILITY MEASURES, 2017

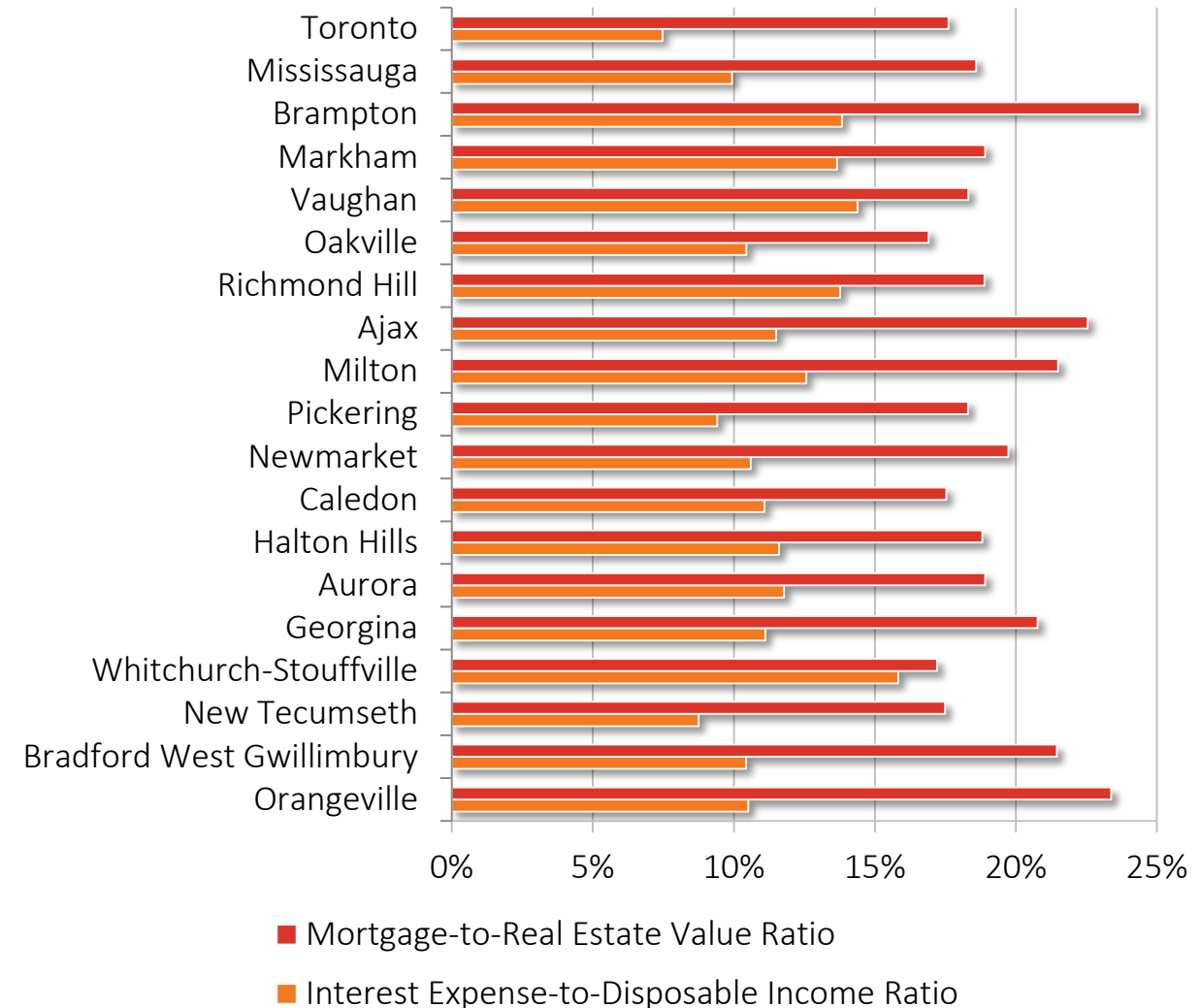


Southwestern Ontario is defined as the five CMAs of Hamilton, London, Kitchener - Cambridge - Waterloo, St. Catharines - Niagara, and Windsor

THE 905 DANGER ZONE

TORONTO'S INTEREST PINCH

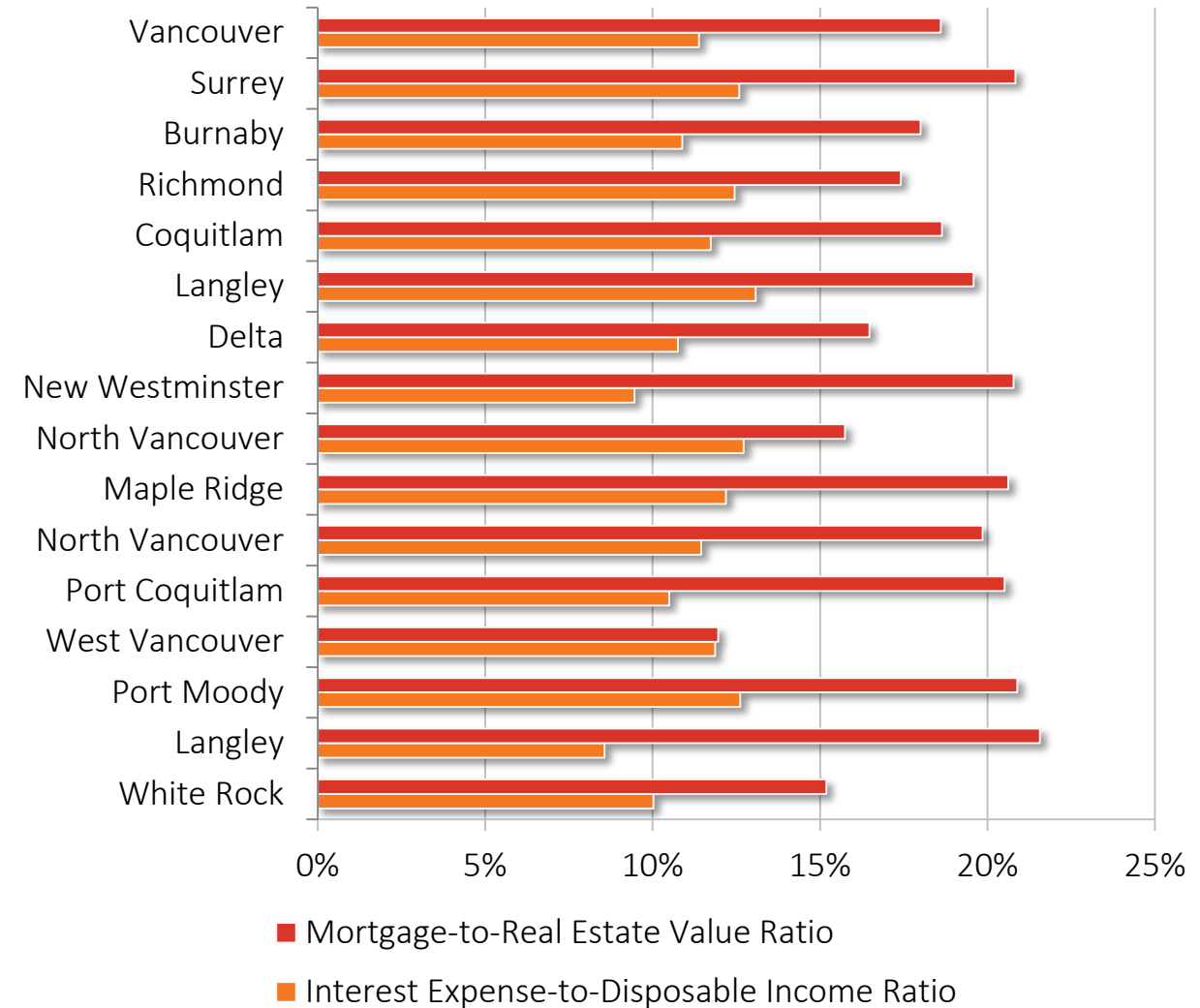
- The highest interest expense-to-income ratio growth in Toronto was concentrated in affluent younger neighbourhoods in the city core and the younger suburban households of the 905
- Despite elevated housing prices and indebtedness, the interest expense-to-income ratio of Toronto is closer to the national average and only becomes quite elevated at the edge of the city and into the 905
- While the GTA's real estate and debt levels remain high, the principal interest risk is in the 905 region rather than the city proper



NO SAFE HAVEN IN THE GVA

VANCOUVER'S INTEREST PINCH

- With their country-leading debt-to-income ratios, almost every neighbourhood in the GVA experience an increase in their interest expense-to-income ratio above 0.5%
- Almost every neighbourhood in the GVA has an interest expense-to-income ratio above 8.1%
- The neighbourhoods of the GVA almost without exception face significant interest rate risks



THE BALANCE SHEET LOOKS GREAT BUT THE CASH FLOW...

2017 IN REVIEW

Net worth (up 8.5 %)

- High-gear growth in Vancouver, Southwestern Ontario and Toronto propelling British Columbia and Ontario
- All of Canada did very decently; low-growth Newfoundland and Labrador was still up 3.7%

Liquid assets (up 6.6%)

- Stock markets performed decently and households were actively saving especially in Saskatchewan and Quebec

Real estate (up 9.9%)

- Jaw-dropping growth in Vancouver; strong performance in Southwestern Ontario

Pensions (up 4.1%)

- Ottawa and Southwestern Ontario posting above average growth

Debt (up 4.5%)

- Above average growth in Vancouver and Toronto
- Debt interest rates are rising leading to financial pressures particularly in the GVA and the 905... watch out!

AGENDA

- Introductions and Housekeeping
- Overview of WealthScapes
- 2018 Updates
- Canada's Financial Climate
- The Debt Pinch
- Applications
 - How Financial Institutions can Leverage WealthScapes
 - Using WealthScapes Fundraiser to Understand Current and New Donors
- Questions



LEVERAGE AT EVERY STAGE OF THE CUSTOMER JOURNEY



ACQUISITION

- Acquire high net worth clients
- Fill in data gaps
- Set realistic growth targets



ONBOARDING

- Develop a 360° view of your client
- Customize digital experiences
- Align agency and front-line staff to client needs



ENGAGEMENT & RETENTION

- Engage clients through a gap analysis
- Determine a client's next best products
- Use economic segments to identify up-sell opportunities

APPLICATIONS TO SUPPORT LIFE CYCLE STRATEGIES

More than 100 financial institutions in Canada have used WealthScapes to support their business

Custom Segmentation & Personas



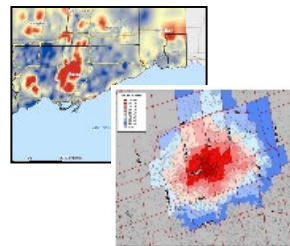
Define custom segments based on wealth and reveal their full wealth profile

Economic Segments



Compare your customer's current value to their growth potential in the market

Site Modelling



Optimize current branch network and identify areas for new locations based on dollar potential

Predictive Models



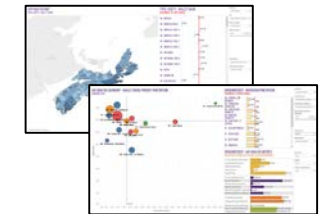
Use as an input into predictive models to enhance your view of the customer and market

Product Planning



Develop financial plans that align to the needs of your market

Gap Analysis



Determine your market share, wallet share and market penetration by product



Financial Institution Relationship

Chequing
\$14,000

Term Deposit
\$25,000

Total Funds
\$39,000

- Based on her existing portfolio, what other products or services should you offer?
- How do you determine how to prioritize your customers?
- What is her potential value to the financial institution?

GAP ANALYSIS



Financial Institution Relationship

Chequing
\$14,000

Term Deposit
\$25,000

**Total Funds
\$39,000**



Market Data Full Balance Sheet

Chequing
\$26,000

Line of Credit
\$19,000

Term Deposit
\$29,000

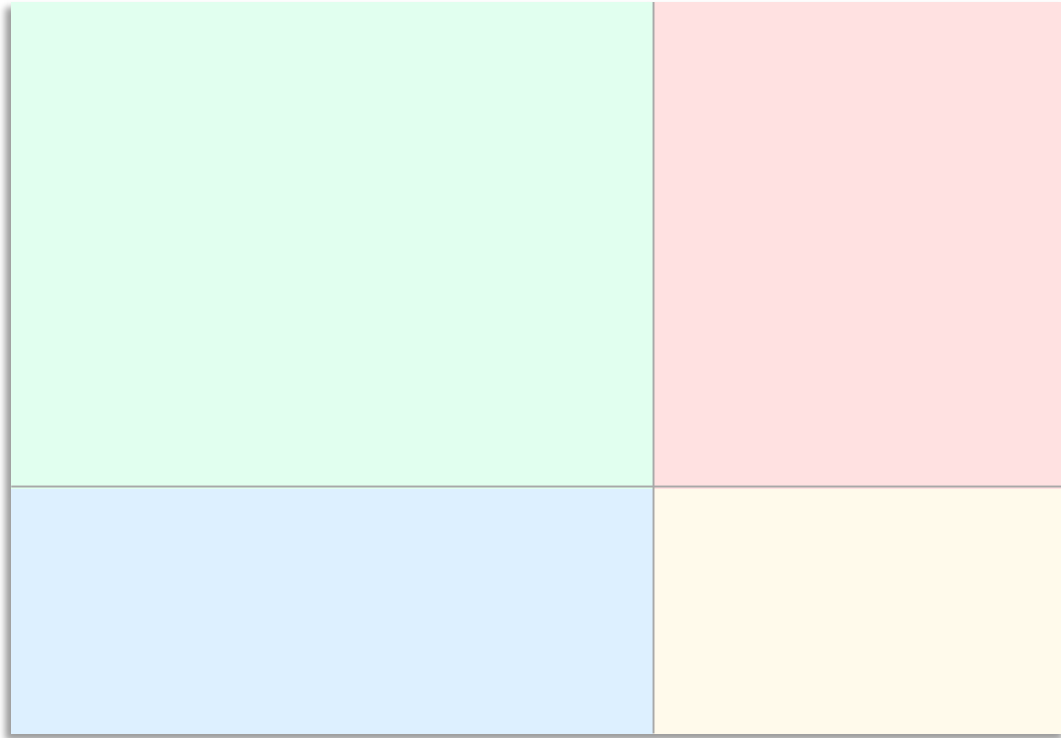
Mortgage
\$236,000

Investments
\$32,000

**Total Market Funds
\$342,000**

- Identify cross-sell and up-sell opportunities
- Differentiate offers based on what they hold with competitors
- Determine what wallet share you hold to identify primary financial institution

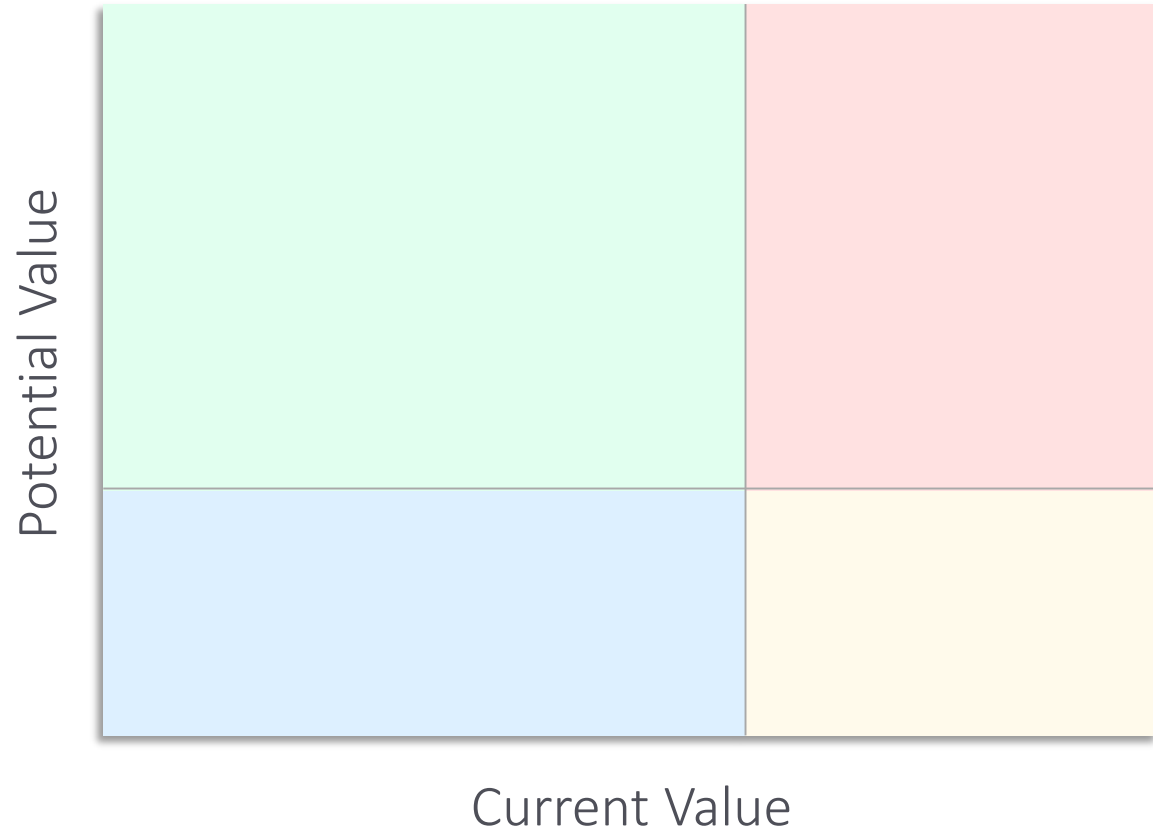
ECONOMIC SEGMENTATION



Current Value

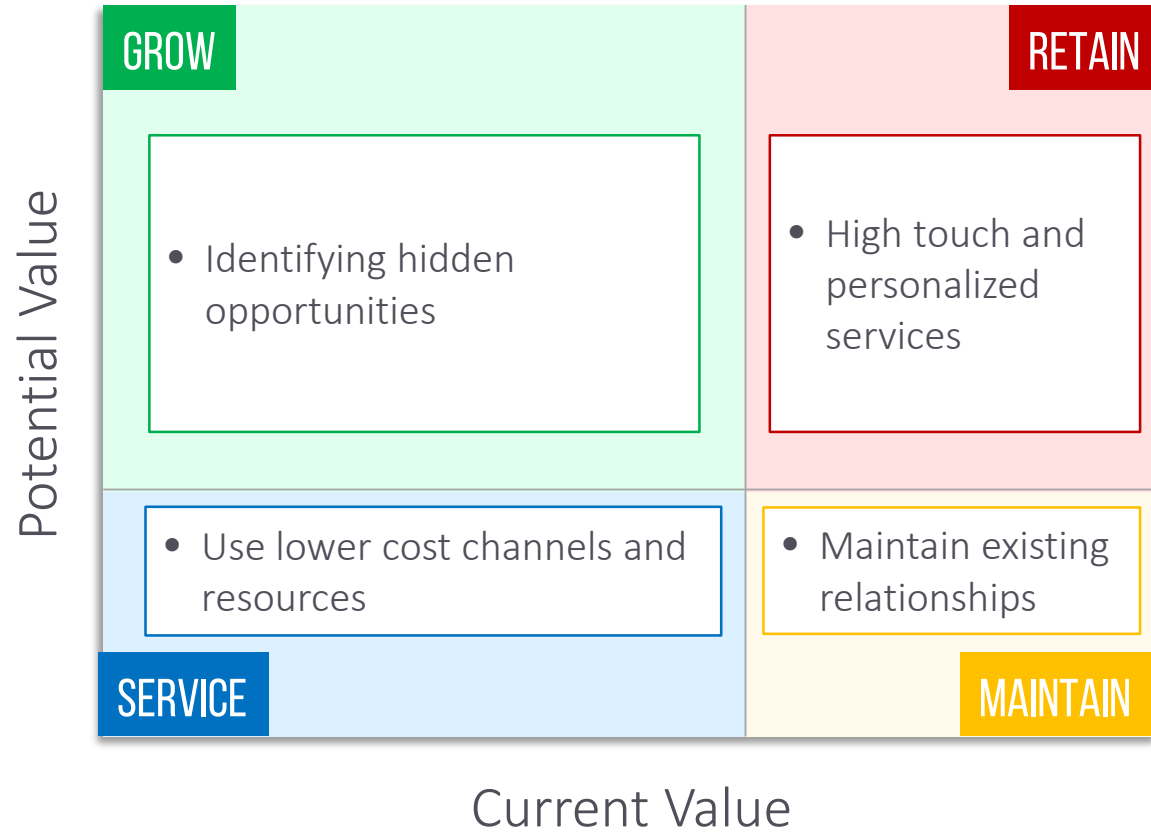
- Most organizations have a strong view of what the current value is of a client

ECONOMIC SEGMENTATION



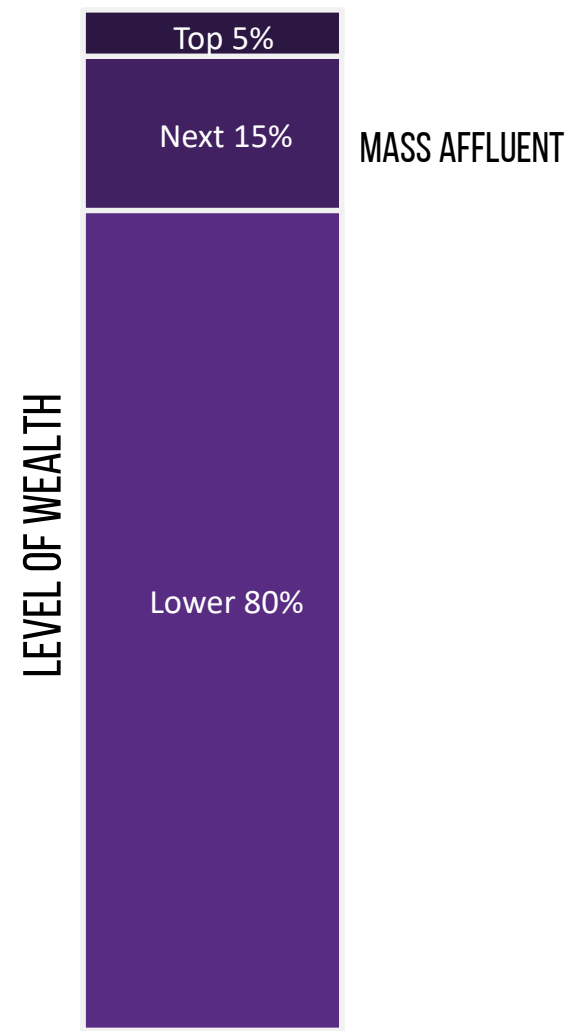
- Without WealthScapes, what is missing?

ECONOMIC SEGMENTATION

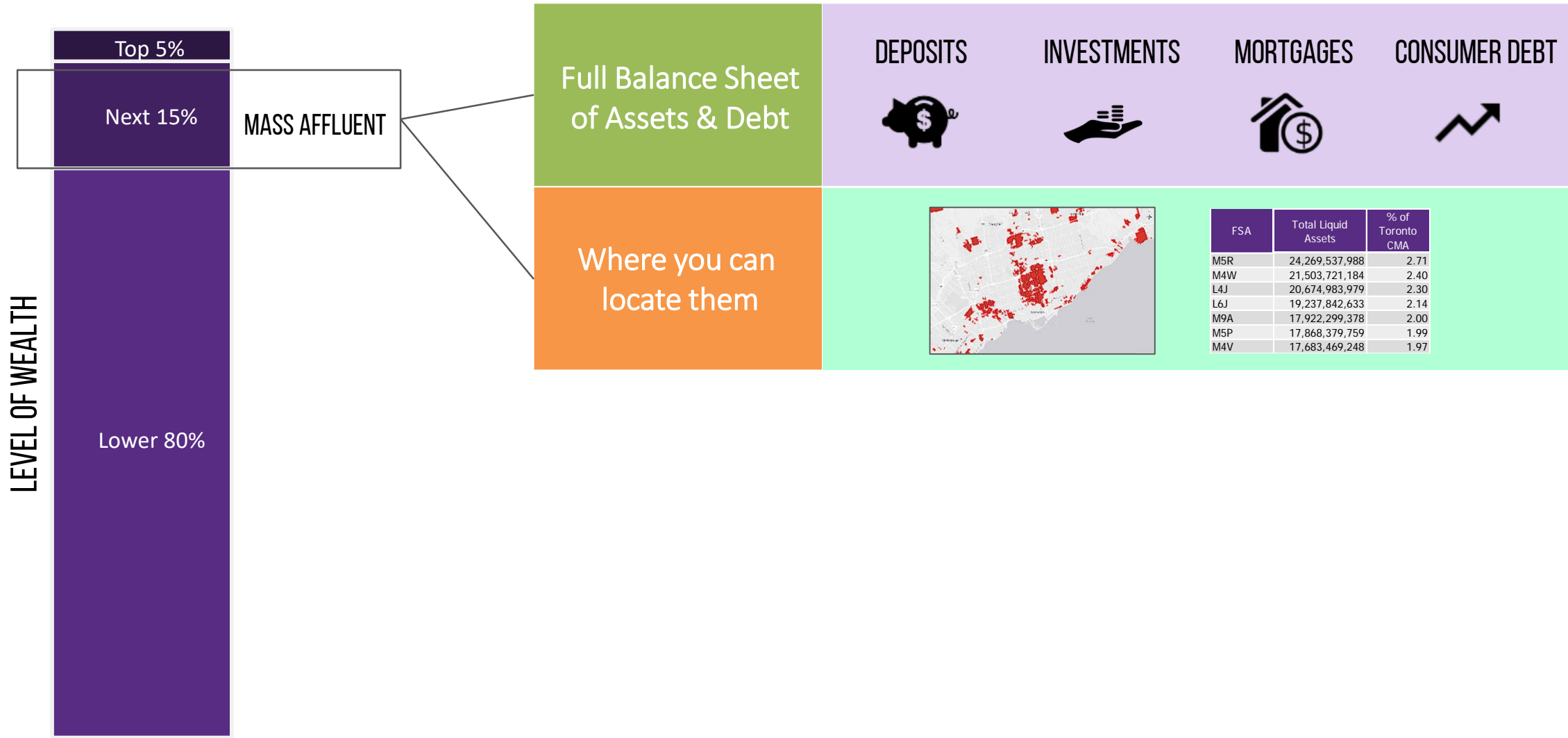


- Capture the full view of value and potential value of your clients
- Make smarter decisions on prioritization, attrition reduction and product campaigns

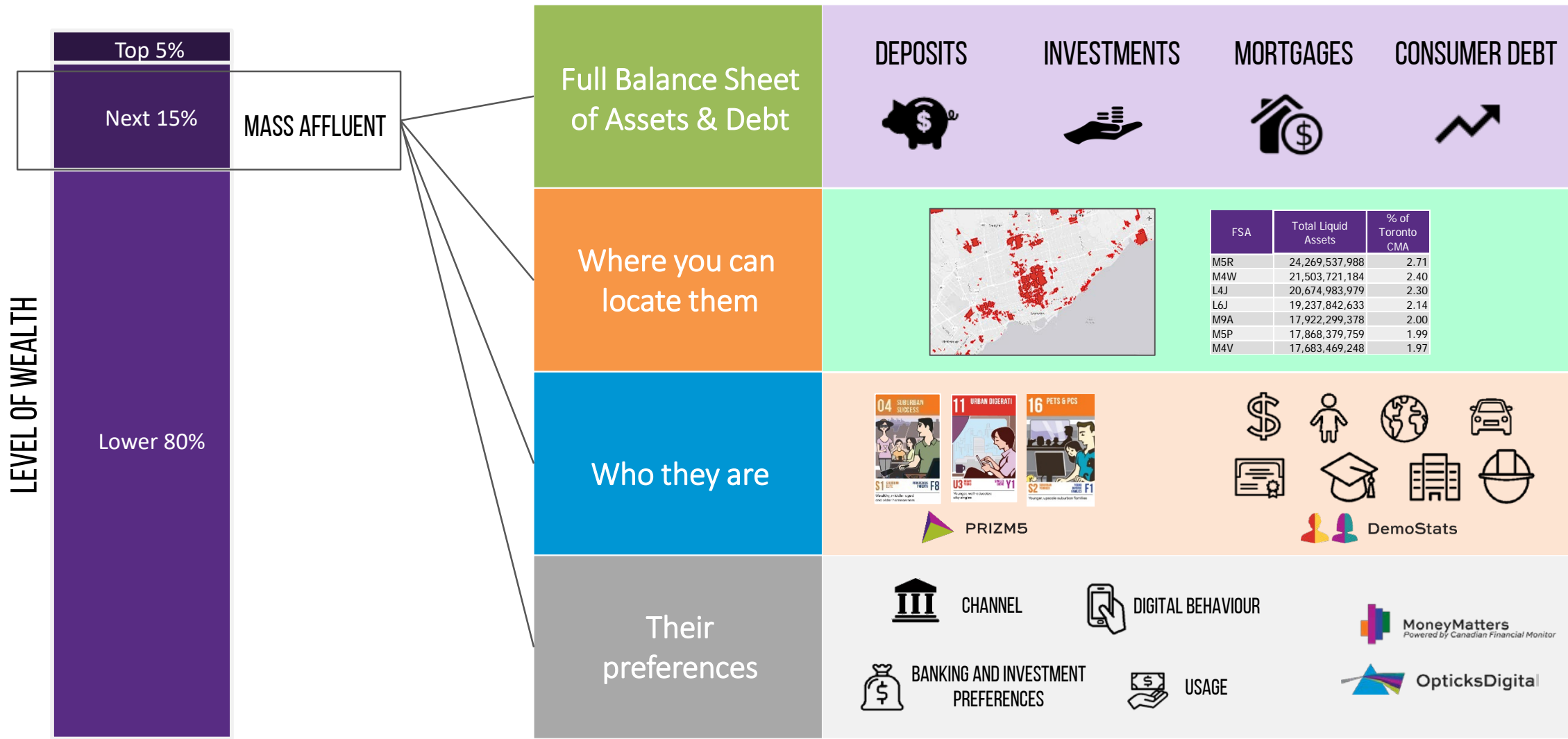
LOCATING AND UNDERSTANDING THE MASS AFFLUENT



LOCATING AND UNDERSTANDING THE MASS AFFLUENT



LOCATING AND UNDERSTANDING THE MASS AFFLUENT



AGENDA

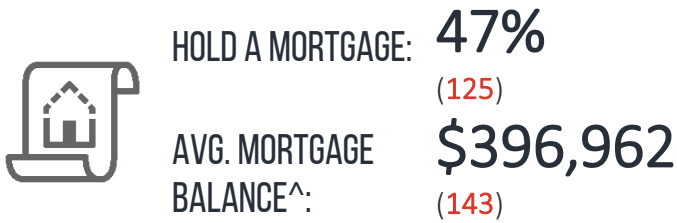
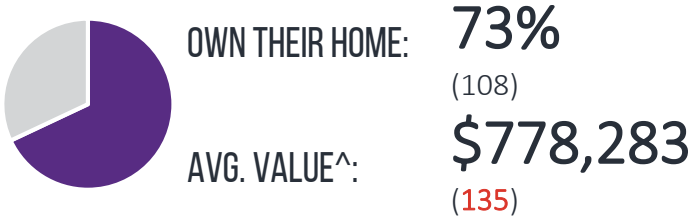
- Introductions and Housekeeping
- Overview of WealthScapes
- 2018 Updates
- Canada's Financial Climate
- The Debt Pinch
- Applications
 - How Financial Institutions can Leverage WealthScapes
 - Using WealthScapes Fundraiser to Understand Current and New Donors
- Questions



NOT-FOR-PROFIT CASE STUDY:

WHO ARE THE TOP 10 PERCENT OF CANADIANS THAT ARE GIVING TO A HEALTH CHARITY?

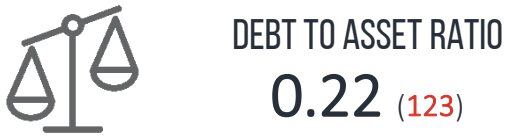
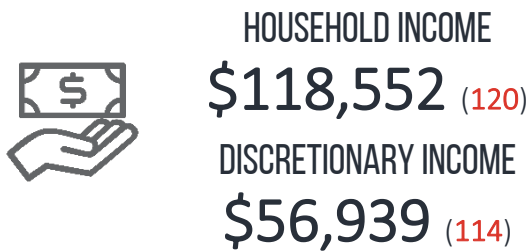
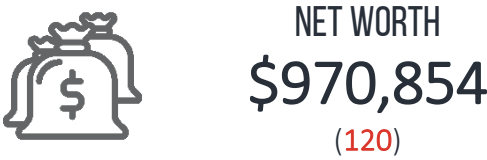
REAL ESTATE



0.25
(125) MORTGAGE TO REAL ESTATE RATIO

25%
(108) OWN SECONDARY REAL ESTATE

WEALTH



Note: Dollar figures represent the average amount per holding household

Top decile of Canadians giving to health charities = 9.6% of Total Households (Database: GivingBack 2017)

NOT-FOR-PROFIT CASE STUDY:

WHO ARE THE TOP 10 PERCENT OF CANADIANS THAT ARE GIVING TO A HEALTH CHARITY?

GIVING BACK



CHARITABLE GIVING

\$859

(115)



REASONS FOR GIVING

Compassion

Cause

Community Contribution



DONATION CHANNEL

Place of Worship

Work

Online



AVG. AMOUNT DONATED TO HEALTHCARE

(PAST YEAR)

\$144

(101)

DEMOGRAPHICS



FAMILIES OF 3 OR MORE

46%

(122)



HOUSEHOLDS WITH CHILDREN

47%

(117)



UNIVERSITY EDUCATION

36%

(135)



IMMIGRANT POPULATION

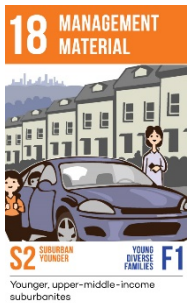
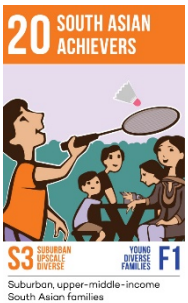
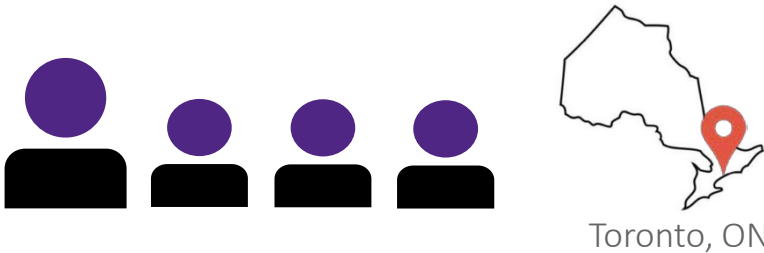
36%

(156)

DONOR JOURNEY THROUGH APPENDING DATA

UNDERSTAND YOUR DONORS

Top six PRIZM5
Segments in the
top 10 percent of
Canadians giving to
health charities
ranked by index



NET WORTH
\$970,854
(120)



LIQUID ASSETS
\$331,853
(113)



DISCRETIONARY INCOME
\$56,939
(114)



DONATION CHANNEL
Place of Worship
Work
Online



CHARITABLE GIVING
\$859
(115)



AVG. AMOUNT DONATED TO HEALTHCARE (PAST YEAR)
\$144
(101)

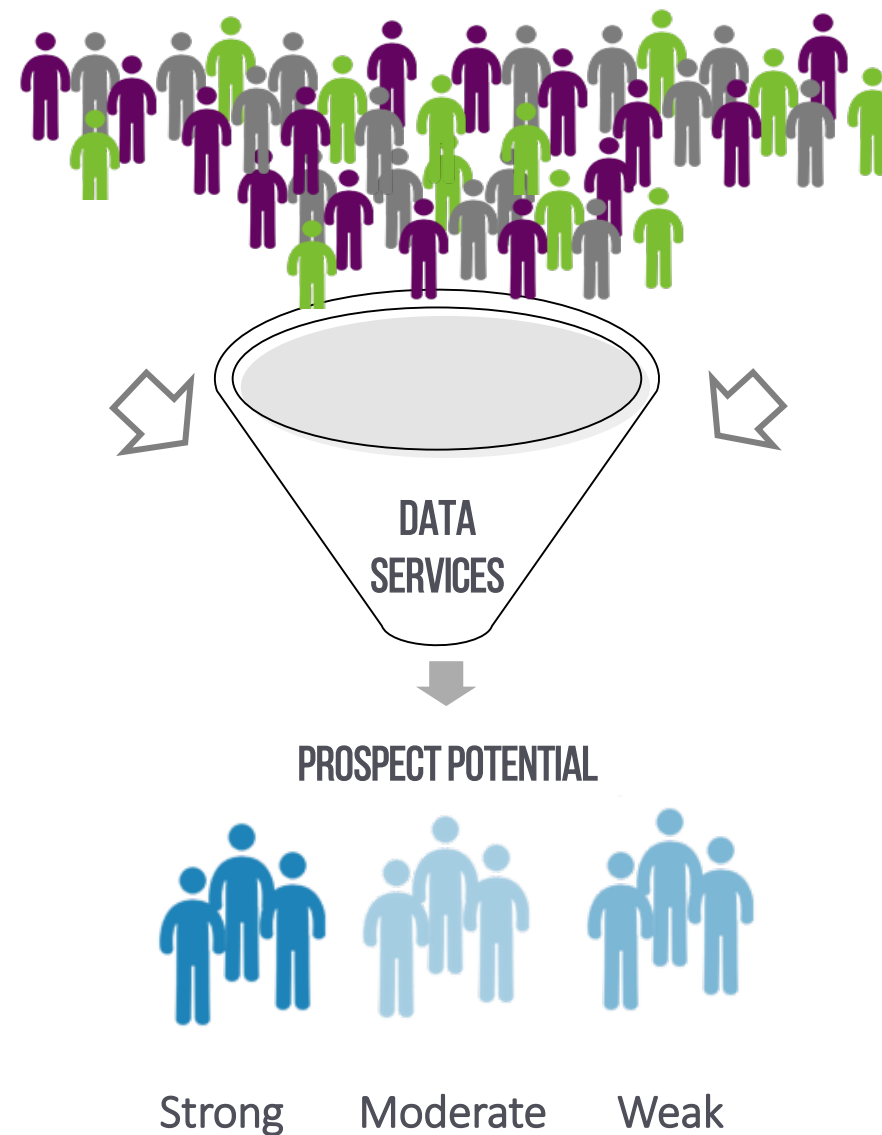
Note: Dollar figures represent the average amount per holder

GIVING CAPACITY THROUGH MODELLING

PROSPECT GIFT POTENTIAL

PROSPECT RECORDS

- AGE
- ENGAGEMENT/INVOLVEMENT
- LAST GIFT
- FREQUENCY/ HOW OFTEN
- GIVING HISTORY



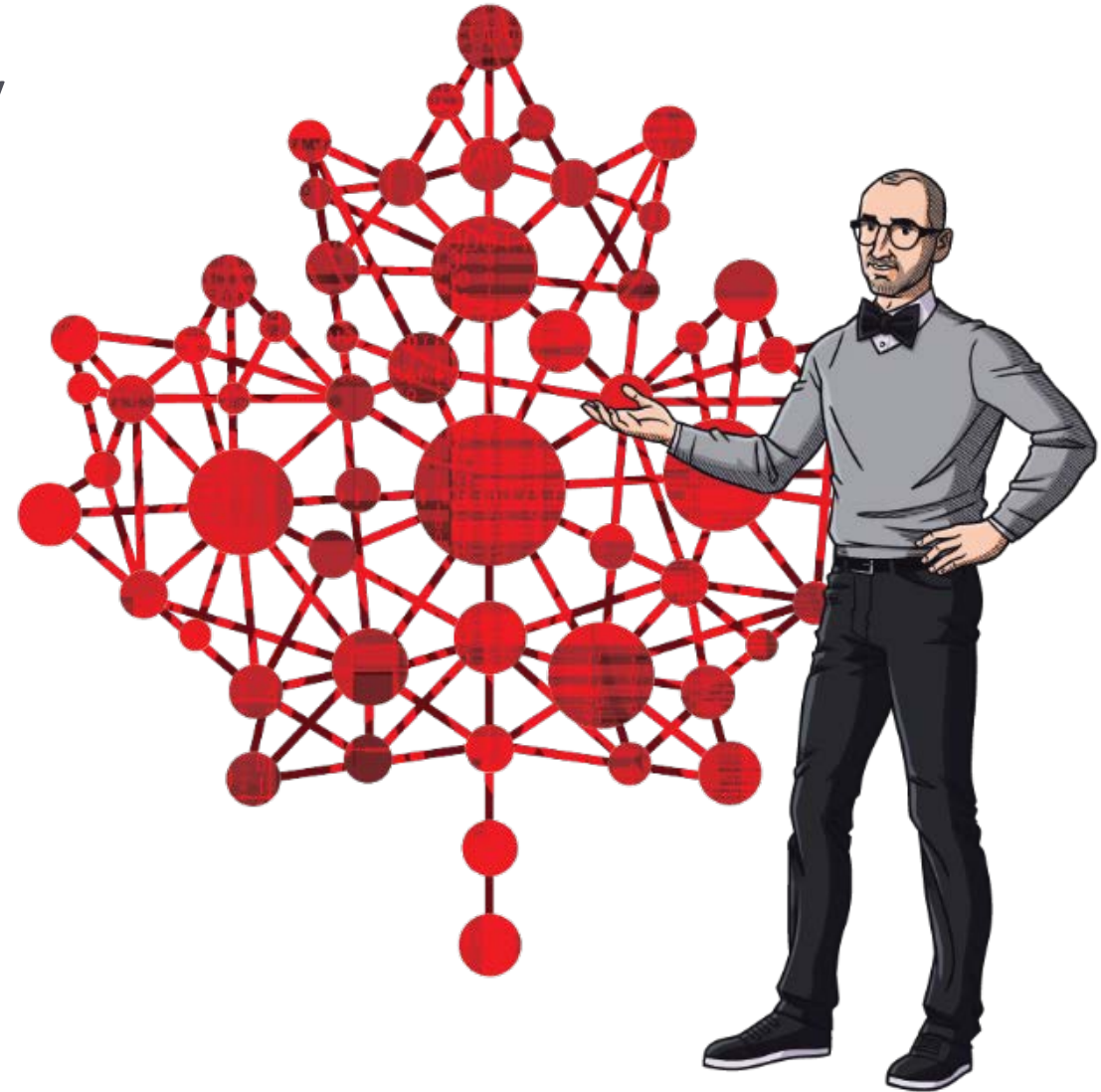
ENVIRONICS
ANALYTICS



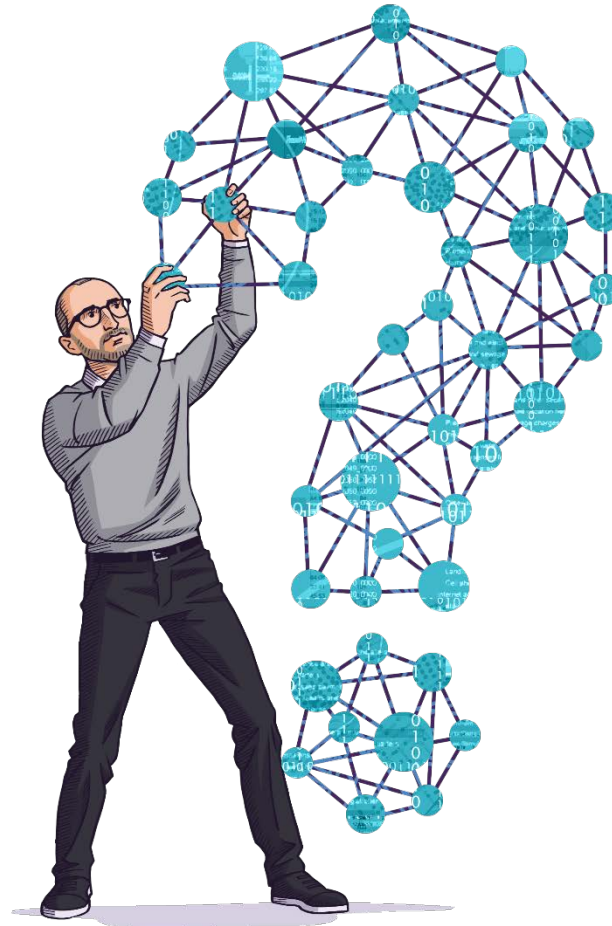
WealthScapes Fundraiser

SUMMARY OF WEALTHSCAPES APPLICATIONS

1. Append prospect financial capacity
2. Model propensity to respond, move up, etc.
3. Profile prospects' capacity, lifestyles, geography



QUESTIONS?



THANK YOU

Peter Miron

Senior Vice President, Research and Development

E: peter.miron@environicsanalytics.com



[linkedin.com/in/peter-miron-927a3176/](https://www.linkedin.com/in/peter-miron-927a3176/)

Rupen Seoni

Senior Vice President and Practice Leader

E: rupen.seoni@environicsanalytics.com



[@RupenSeoni](https://twitter.com/RupenSeoni)



[linkedin.com/rupen-seoni-bb57151/](https://www.linkedin.com/rupen-seoni-bb57151/)

Michael Warner

Vice President, Client Development

E: Michael.warner@environicsanalytics.com



[@WarnerM_EA](https://twitter.com/WarnerM_EA)



[linkedin.com/in/michaelwarner/](https://www.linkedin.com/in/michaelwarner/)

ENVIRONICS
ANALYTICS

MAKING THE MOVE TO MOBILITY ANALYTICS

THURSDAY, SEPTEMBER 27, 2018, AT 2:00 PM ET



- Learn how this valuable and exciting new resource can generating consumer insights—whether you have customer data or not
- Discover privacy compliant use cases that illustrate the types of insights that can be pulled from the growing mountain of mobility data points
- See what effect the competition is having on your business and discover if you're cannibalizing your own sales

Register at environicsanalytics.com



Paul Tyndall

Vice President
Strategic Projects