



Consumer Pulse Report 2020



Contents

About this report

Pg 3

Summary of key findings

Pg 4

Pain points

Pg 5

Piggy bank

Pg 12

Property

Pg 16

About this report

Australia's biggest financial comparison site*, Canstar.com.au's fourth annual Consumer Pulse Report is based on the survey responses from 2,046 Australian adults (18+) from across the country.

The survey was conducted online in November 2020 and gathered consumers views, attitudes, and expectations on:

- **Pain points** - money worries and debt levels
- **Piggy bank** - savings habits and goals
- **Property** - state of the nation on housing

This report discusses some of the standout findings nationally and by generation or gender. The findings have been rounded to the nearest whole percentage point.

For the purposes of this report, the following generations have been referred to:

- **Gen Z** are those 18 to 25 years
- **Millennials** are those 26 to 40 years
- **Gen X** are those 41 to 55 years
- **Baby Boomers** are those 56 to 74 years

Please note state-based, income and other demographic results are available on request.

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Summary of key findings



Australians' biggest financial concerns are the **price of groceries** and fear of **job security**.



35% of Australian women feel they are **not living within their financial means** or don't know if they are, compared to 20% of men.



For the 28% of Australians who have debt excluding a property loan, **the average debt amounts to \$30,188 per person, down 38% year on year**. 40% of it was accumulated in 2020, equating to approximately \$12,075 per person in debt racked up this year alone.



46% of Australians with debt excluding a property loan **admit to missing repayments**.



47% of Australians **would consider using buy now, pay later services** like Afterpay and Zip Pay.



30% of Australians have **dipped into their savings** to cope in 2020.



50% of Australians working from home during the pandemic have **managed to save money**.



47% of savers keep the **bulk of their money in a savings account** despite interest rates falling this year on average by 0.58%, according to Canstar.



Saving for living costs (eg. groceries and electricity) has overtaken holidays as the main expense people are saving for.



Home owners say they're **repaying their loan at an average interest rate of 3.65%**.

33

33 is the age limit Australians agree is **too old to be living at home**.



Only 25% of the nation feel parents have an obligation to **help their children buy their first home**.

Pain points

Australians' biggest financial concerns

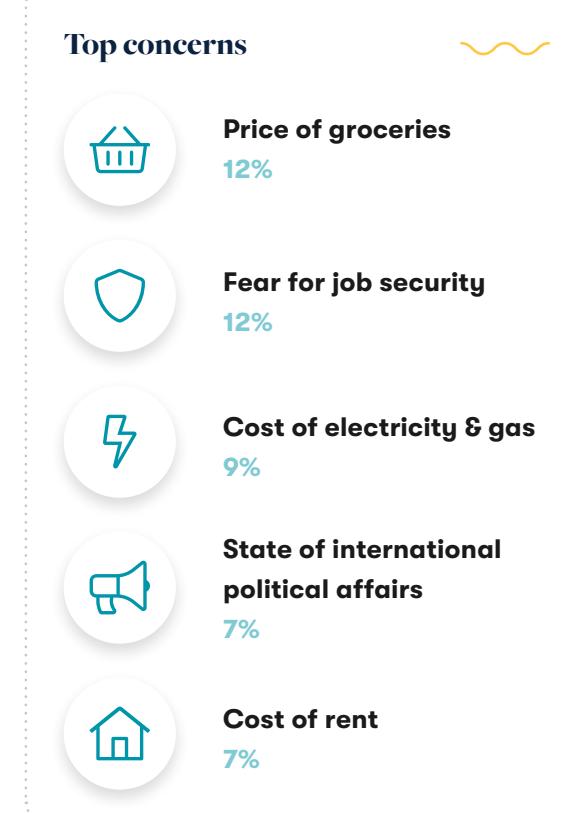
A tumultuous year in 2020 has changed the outlook for Australians' financial concerns with the cost of electricity and gas falling from the top concern for the first time since the Consumer Pulse Report began in 2017.

Taking its place as Australians' biggest financial concern is a tie between the price of groceries and the fear of job security, at 12% of respondents respectively.

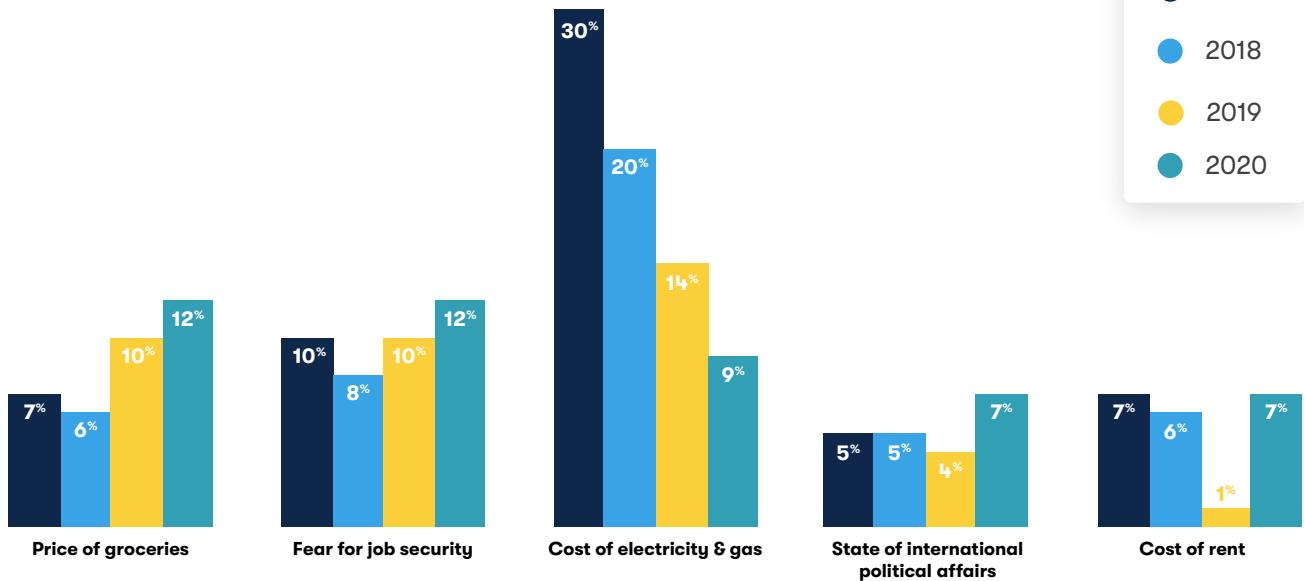
The concern for the price of groceries has steadily risen in recent years from sixth place in 2018 to reach second place in 2019 and is now tipping the scales as the top concern. At the same time fear of job security has consistently appeared in the top three concerns since 2017 but the events of the COVID-19 pandemic and subsequent widespread job losses has spurred it to the top of the worries list for Australians.

In third position is the cost of electricity and gas at 9% of respondents. In fourth and fifth positions are financial concerns about the state of international political affairs and the cost of rent, both at 7%.

Top concerns



What's changed over the last 4 years?



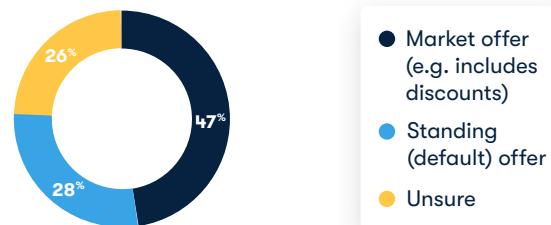
Why is electricity and gas less of a concern?

Electricity and gas has been a long time concern for Australians' wallets but with 87% of people stating they are actively trying to use less electricity and gas, the cost of these services has likely fallen for households.

Households are now also seeing the benefits of recent market reform in the shape of lower bills made possible by intense price competition and [favourable wholesale conditions](#). In recent months, Australians have seen the highest percentage savings off the regulated default tariffs across the National Electricity Market (NEM) since their introduction, with households on the Ausgrid network in NSW now seeing savings of up to 32% off the Reference Price, closely followed by Queensland at up to 30% off and South Australia at up to 23% off. In Victoria, savings have reached up to 23% off the Victorian Default Offer (VDO). This is resulting in notable savings for consumers who engage in the electricity market.

The good news is this year's Consumer Pulse Report shows 47% of people are accessing these cheaper deals through market offers that include discounts. However, more than one quarter (28%) of Australians remain on standing order energy contracts, which are the default offer from providers that likely don't include discounts. Combine this with the further 26% who are unsure of the type of contract they have and it highlights that more people could be saving on their electricity bills.

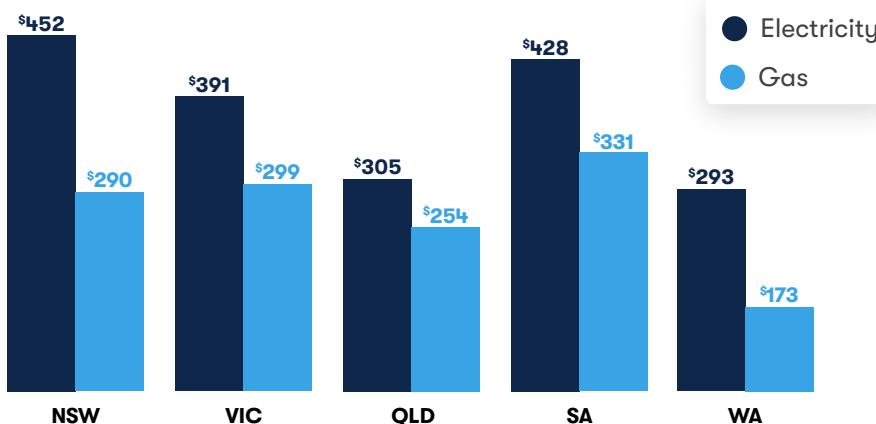
What type of electricity contract are you on?



What is the cost of electricity and gas?

Consumers who engage in the market – especially those in New South Wales and south east Queensland – have an opportunity to benefit from unprecedented price competition between a handful of small, challenger retailers and new market entrants, constantly driving down the cheapest rates on offer in each state in a bid to remain top of price comparison tables. And in most cases, the cheapest deals are not reliant on conditional discounts or other conditions for consumers to satisfy. For those who want to save on energy bills – and who doesn't – today's environment represents the best opportunity for years.

How much was your last quarterly electricity and gas bill?*



* Results are averages

Average Quarterly Bill Amount



Living within our financial means

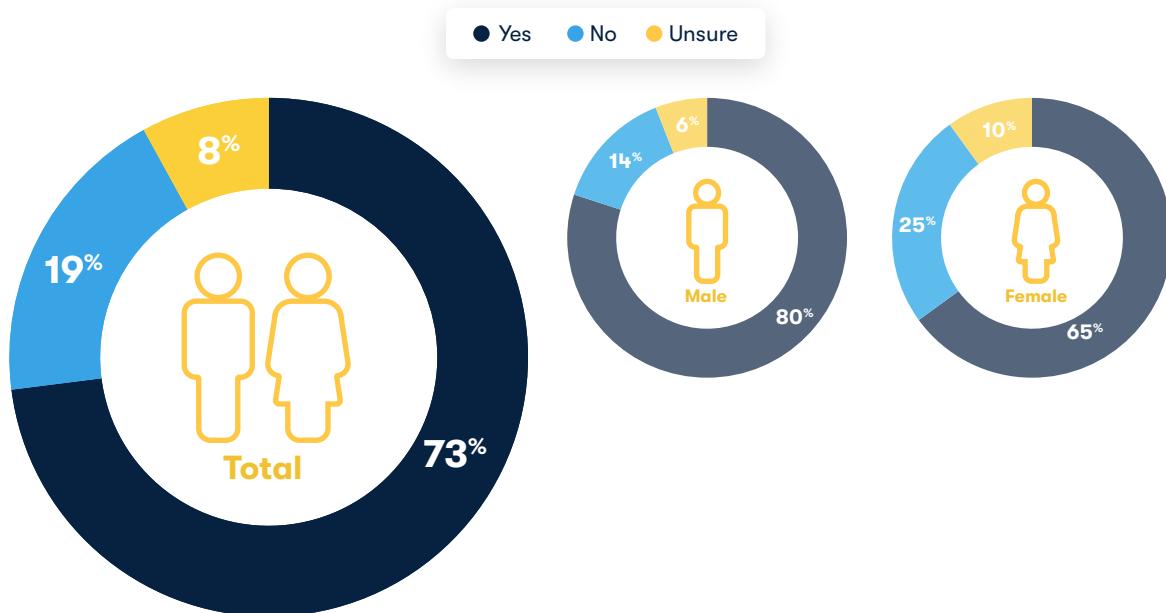
Close to three quarters (73%) of Australians feel they are living within their means financially meaning they are spending less than they earn, saving regularly and limiting their debts.

This is a significant improvement on last year when 66% of Australians considered themselves to be living within their financial means.

Men are more confident they are living within their means financially at 80% of male respondents compared to only 65% of female respondents.

Just over one third (35%) of women admit they are not or are unsure if they are spending less than they earn, saving regularly and keeping a stranglehold on their debts. This compares to only 20% of men but does represent a slight easing from last year when 37% of women felt this way.

Are you living within your means financially?
(E.g. do you spend less than you earn, save regularly and limit your debts)?



What is the debt burden for Australians?

The good news is more than half (51%) of the adult population in Australia are not carrying any debt excluding a home or investment property loan. This is a considerable improvement on last year when the number stood at 37% who were debt free excluding a property loan.

This does mean that 28% do have debt that isn't a home or investment property loan, such as a car loan, personal loan, credit card debt, HECS/FEE HELP or buy now pay later and concerningly a further 21% are unsure if they have debt or not.

For those who are burdened with debt, the average value of debt excluding a property loan amounts to \$30,188 per person. This has dropped by a staggering 38% year on year, down from \$48,809 in 2019. The Government's early access to superannuation support may have been a factor this year that has helped some Australians pay down their debts.

The youngest generation, Gen Z is the most indebted. Gen Zs with debt have an average personal debt of \$38,024. This is considerably higher than the national average and is \$3,217 higher than the next closest generation, Gen X who have an average debt of \$34,807.

How much of this debt was accumulated in 2020?

Two fifths (40%) of the average debt (\$30,188) was accumulated during 2020, which equates to approximately \$12,075 per person racked up in this year alone.

This speaks to the financial impact that the COVID-19 pandemic has had on Australian households this year.



40% of debt was accumulated in 2020

\$30,188
Total average debt outside of property loan

Excluding a home or investment property loan, what is the total value of personal debt that you have?*

(eg. car loan, personal loan, credit card debt, HECS/FEE HELP, Afterpay etc.)

Gen Z	\$38,024
Millennials	\$31,837
Gen X	\$34,807
Baby Boomers	\$24,635

Where is the debt?

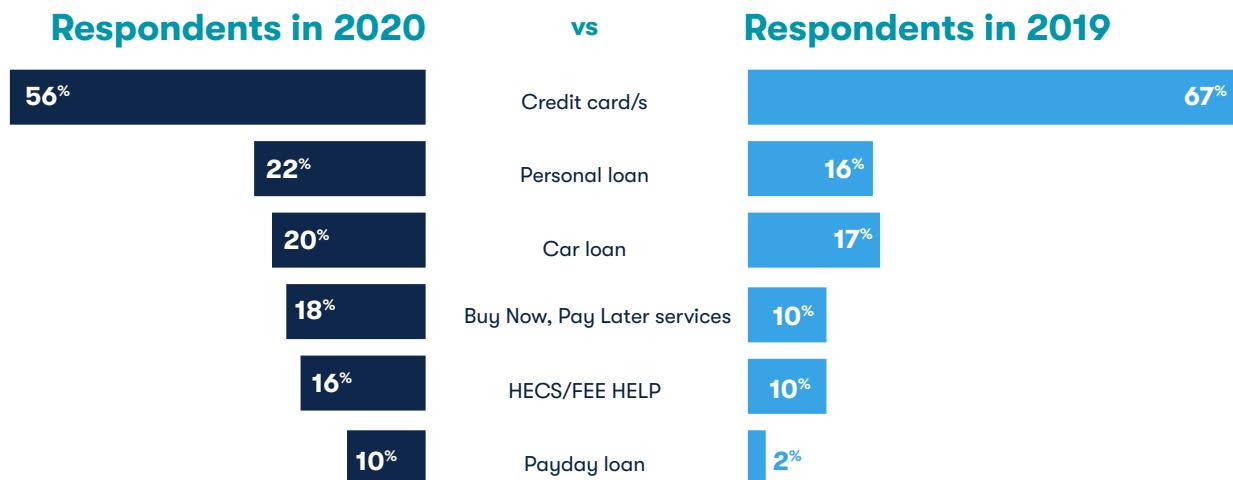
For those Australians who have debt, the majority (56%) have called out their credit card as the place holding the bulk of their debt. This is a drop from 67% in 2019 and comes at a time when Australians have been hitting their credit card debt hard, knocking \$7.31 billion off personal credit card debt accruing interest this year, according to the Reserve Bank of Australia's September 2020 credit and charge card statistics.

Credit card debt is high cost debt. Even for low rate, non-rewards credit cards, the average rate as of November 2020 according to Canstar is 13.38% p.a., which could see someone paying \$1,338 in interest on a \$10,000 debt. If carrying debt on a rewards card where the average rate as of November 2020 according to Canstar is 19.84% p.a., the average interest bill blows out by \$646 to \$1,984. [Canstar data](#) reveals the average net reward return on a rewards card if you are spending \$60,000 per year is only \$387.90, which is not enough to compensate for the interest costs.

However, the debt may be moving from credit cards to other sources of credit with the percentage of debt on personal loan, car loan, buy now pay later services (eg. Afterpay, Zip Pay, etc.), university HECS/FEE HELP and payday loans having all increased this year.

One of the biggest increases year on year has been the increase in debt sitting with buy now, pay later services. Close to one in five (18%) said they have debt in the form of one of these [buy now pay later](#) services, up from 10% in 2019.

What form is your debt in?



Is buy now, pay later a debt problem for Australians?

When asked if they would consider using buy now, pay later services (eg. Afterpay and Zip Pay, etc.), 47% of Australian adults said yes they would consider it. The most common reason being to avoid paying any interest on purchases, at 40% of respondents.

For the 53% of respondents who said they would not consider using buy now, pay later services, the most common reason was they felt they wouldn't purchase something unless they had the money to pay for it.

Would you consider using a Buy Now, Pay Later Service?

(e.g. Afterpay, Zip Pay, etc)

Gen Z  **64%**  **36%**

Millennials  **70%**  **30%**

Gen X  **54%**  **46%**

Baby Boomers  **18%**  **82%**

Is a credit card more financially responsible than buy now, pay later services?

When asked if buy now, pay later services or credit cards were a more financially responsible spending method, 60% chose credit cards as the more responsible option.



Given the early adoption of buy now, pay later services by the younger generations, it is not surprising to see Gen Z buck this trend with 62% stating buy now, pay later services were a more financially responsible spending method than credit cards.

Sitting on the fence were Millennials who say it was an even split between the buy now, pay later services and credit cards, at 50% respectively. Year on year this shows a 5% swing in favour of buy now, pay later services being more financially responsible according to Millennials.

Which of the following do you feel is a more financially responsible spending method?

● Buy Now, Pay Later ● A Credit Card



Australians struggling to cope with debt

Almost one in every two (46%) of Australians with debt excluding a property loan admit to missing repayments on their debts, compared to 27% in 2019.

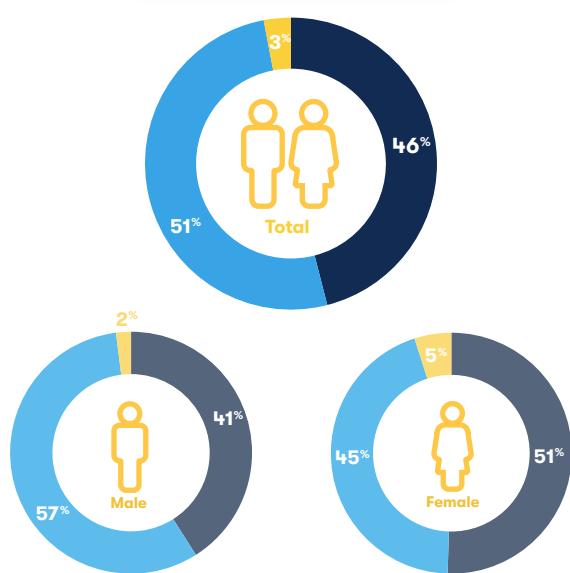
The portion of people missing payments has likely skyrocketed in 2020 due to the financial impacts of the COVID-19 pandemic.

Is debt a worry to Australians?

Missing repayments and the size of their debt is weighing on the minds of Australians saddled with debt, with 46% of those with debt excluding a property loan saying it is a worry for them and their family.

Is your debt a worry for you/your family?

● Yes ● No ● Unsure



How often do you miss repayments of your debts?

26% 19% 17% 38%

Always Often Occassionally Rarely

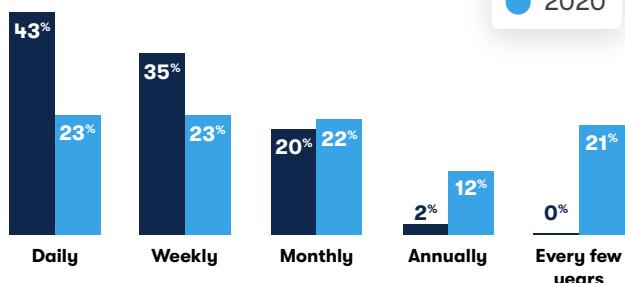
Of those with debt that miss repayments

However, Australians are worrying about their debts less often. Of those who worry about their debt, only 23% of respondents worry about their debt daily and a further 23% worry about it each week. This compares to staggering numbers last year when 43% of respondents worried about their debt daily and 35% worried weekly, which is close to four in five people with debt thinking about it weekly or more.

Women worry about debt more frequently than men, with 53% of females worrying about it daily or weekly compared to only 38% of males.

How regularly do you worry about your debt?

● 2019 ● 2020



Is debt actually manageable?

When asked whether they feel their debt is manageable, Australians are relatively confident with 82% of respondents saying their debt is manageable. This means more than one in 10 (11%) say their debts are not manageable and 7% are unsure.

Piggy Bank

The great impact to savings in 2020

The financial crisis that followed the onset of the COVID-19 pandemic in Australia had a considerable impact on personal savings goals. The results were negative for some people but positive for others.

While 30% of Australians have dipped into their savings this year and 11% have taken on more debt, it is encouraging to see 46% of people say they saved the same or more than last year and 15% claiming to have reduced their debts.

The youngest generation, Gen Z were most likely to be dipping into their savings this year at the same time their slightly older counterparts, Millennials were the most likely to be saving the same or more money and reducing their debts.

Has your financial situation been impacted in any of the following ways in 2020?

Nationally

30%

26%

20%

15%

11%

16%

I have dipped into my savings

I'm saving the same

I'm saving more

I have reduced my debt

I have taken on more debt

None of the above

● Gen Z ● Millennials ● Gen X ● Baby Boomers

I have dipped into my savings



I'm saving the same



I'm saving more



I have reduced my debt



I have taken on more debt



None of the above



50% of Australians working from home during the pandemic have managed to save money.

For 24% there was no impact to their finances while the remaining 26% said working from home cost them more money than going to work.

How much are Australians saving?

More than three quarters (79%) of Australians save a portion of their after tax income each month.

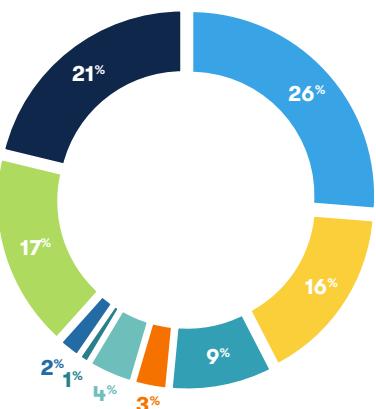
Worryingly, this means 21% of people do not save money. However, the good news is the portion of people who don't save anything has been trending down over the last four years from 29% in 2017.

When asked this year why they don't save, non-savers said the main reason is they are living pay cheque to pay cheque, at 68% of respondents. This is down from 73% in 2019.

For those who are in a position to save money, the largest portion (26%) of respondents said they are able to save up to 10% of their after tax income each month, while impressively 7% said they are able to save more than 40% of their after tax income each month.

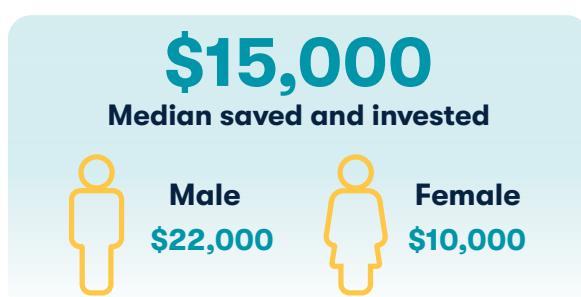
On average, how much of your after tax income do you save each month?

- None
- Up to 10%
- Up to 20%
- Up to 30%
- Up to 40%
- Up to 50%
- Up to 60%
- More than 60%
- Unsure how much I can save



How much do you have saved and invested?

(excluding any assets and superannuation)



Gen Z	\$10,000
Millennials	\$10,000
Gen X	\$16,000
Baby Boomers	\$30,000

Median results

Where are the bulk of Australians' savings?

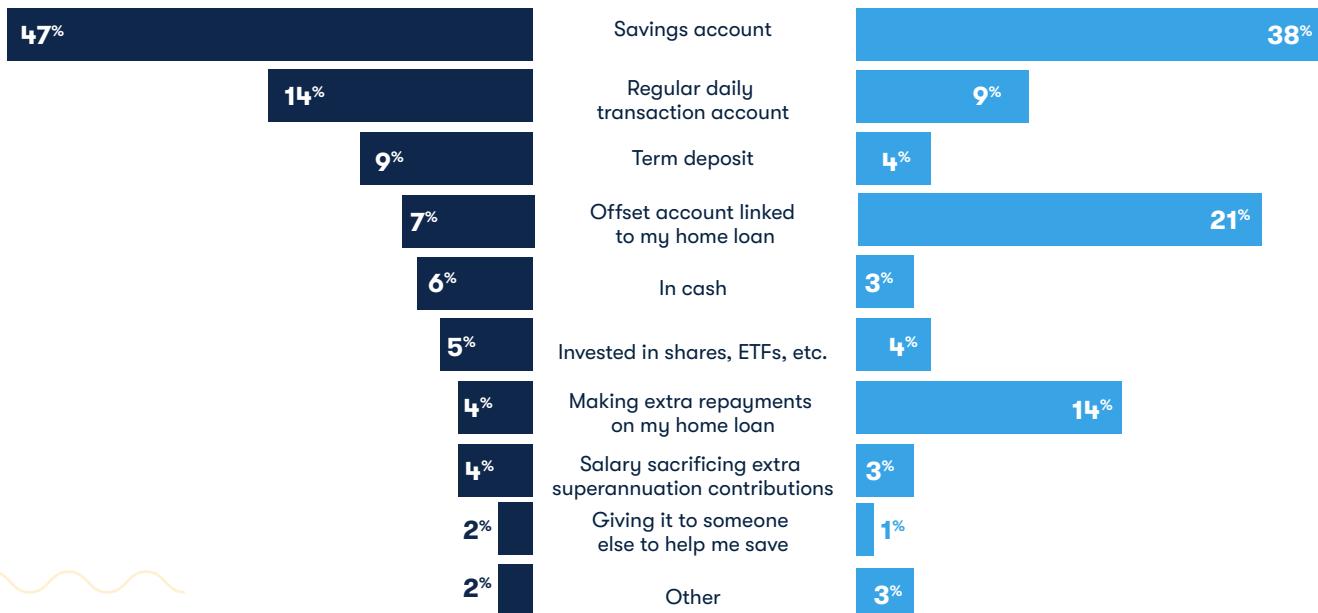
47% of Australian savers choose to keep the bulk of their money in a savings account, despite Canstar data revealing interest rates on savings accounts have dropped by an average of 0.58% since January 2020.

Close to one quarter with savings opt to keep the bulk of their savings where they don't earn any interest including a regular transaction account (14%), in cash (6%) or give it to someone else to help them save (2%).

On the flipside, Gen Z is trying its luck at earning interest by following in the footsteps of the older generations and investing in shares, ETFs, etc. with 7% of the youngest generation putting the bulk of their savings into investments, similar to Baby Boomers at 7%. While Millennials and Gen X trail behind at 4% and 5%, respectively.

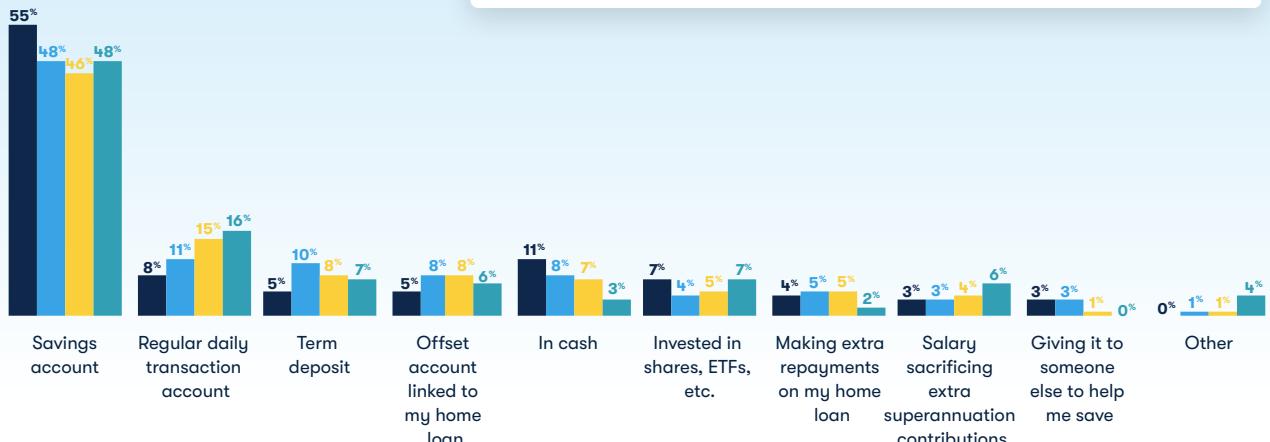
Where are the majority of your savings kept?

Respondents in 2020 vs Respondents in 2019



2020 Breakdown

● Gen Z ● Millennials ● Gen X ● Baby Boomers



What are Australians saving for?

Since the Consumer Pulse Report began in 2017, Australians have consistently said the main expense they are saving for is a holiday. However, this year the impact of the COVID-19 pandemic and resulting travel restrictions seems to have changed the perspective of Australian savers with saving for a holiday being bumped from the number one position.

The number one expense Australian savers are working towards currently is living costs (eg. groceries, electricity, etc.), which was third in the priority list last year and shows many Australians are saving to get by and are currently in survival mode.

Year on year the changes show young Australians have replaced international holiday savings with purchasing a car. At the same time Gen X has swapped out an international holiday for living costs. Gen X has also switched out home renovations with purchasing a home.

Baby Boomers are the only generation hanging onto hope for an international holiday, while living costs have replaced home renovations in their top three.

● 2020 ● 2019



Please note 2019 data not available for Gen Z.

Property



The bank of mum and dad limit their help to first home buyers

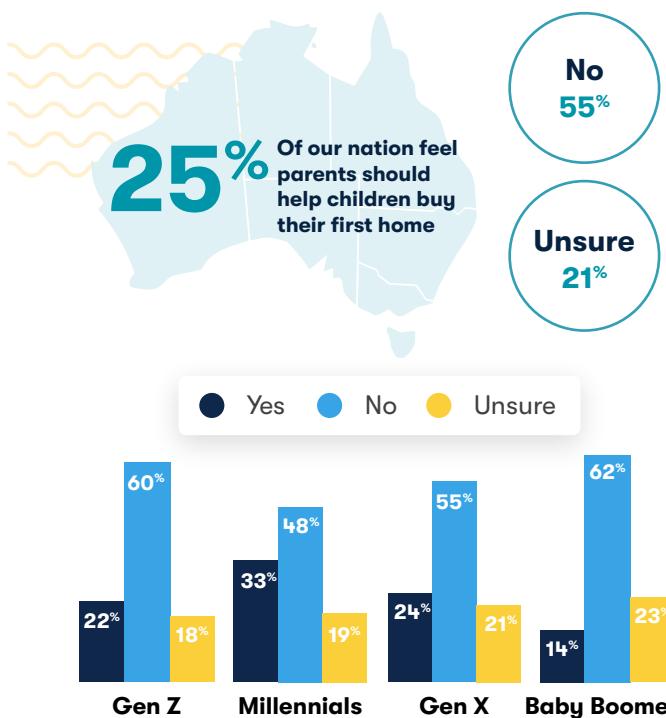
The bank of mum and dad has left its doors open to help young Australians to get ahead financially and 2020 has been no exception. Some adult children have moved home or are staying at home longer than anticipated this year as the COVID-19 pandemic has disrupted jobs and the economy.

Should parents help their children buy their first home?

When it comes to buying a first home there are many ways to go about it, one of which could include seeking help from parents. The Consumer Pulse Report reveals that one quarter (25%) of the nation feel parents have an obligation to help their children buy their first home.

One third (33%) of Millennials, those who are most likely looking to buy a property soon, believe that parents have an obligation to help. This compares to only 14% of Baby Boomers and shows that first time buyers may be disappointed by the lack of support they may receive from their parents when it comes to buying a first home.

Do you feel parents have an obligation to help their children buy their first home?



How old is too old to live at home?

When asked how old is too old for an adult child to still live at home, Australia agrees that **age 33** is the cut-off. The only demographic to buck this trend is those currently living at home who said the age limit should be 43, up from age 41 last year.

House or HECS?

For first time buyers who have been to university and racked up a HECS/FEE HELP debt, they may question whether that needs to be paid off prior to saving for a deposit. The Consumer Pulse Report reveals that close to one quarter (24%) of the nation feel first home buyers should pay off university fees before they save for a deposit.

Prospective first home buyers will always be partially driven to buy by fear of missing out, which is a risk that intensifies over time. If savings are allocated to the repayment of HECS/FEE HELP rather than allocated to a home deposit, home ownership is pushed down the track. However, home buyers who continue to have HECS/FEE HELP should be aware that this can limit the amount they can borrow and can mean it is worth paying any remaining HECS/FEE HELP when applying for a home loan.

What do you feel is more important for first home buyers to do first?



Property price predictions

With property prices bouncing back from a dip earlier in the year and increased Government stimulus packages to support purchases, it paints a positive picture for the housing market in the years to come. This is reflected with 36% of Australians indicating they expect prices to continue to grow at a steady pace.

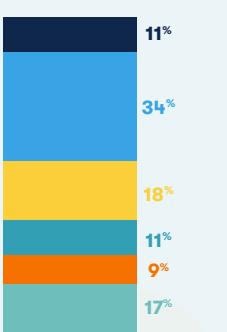
Despite the majority (64%) of Australians' expecting property prices to hold steady or rise in the near future, 17% don't have a positive outlook for the market and think prices will either ease or crash at some point. A further 19% are unsure what will happen to property prices in their state over the next two years.

What do you think is going to happen to house prices in your state of residence in the next two years?

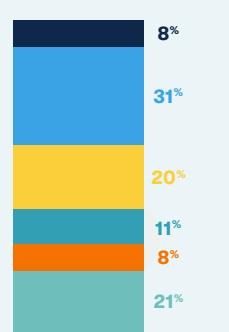
Nationally



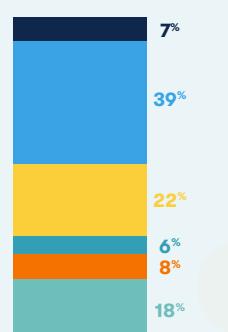
NSW



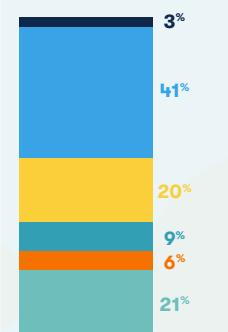
VIC



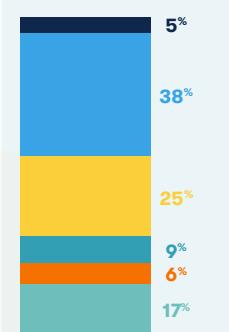
QLD



SA



WA



State of the nation's owner occupied housing market

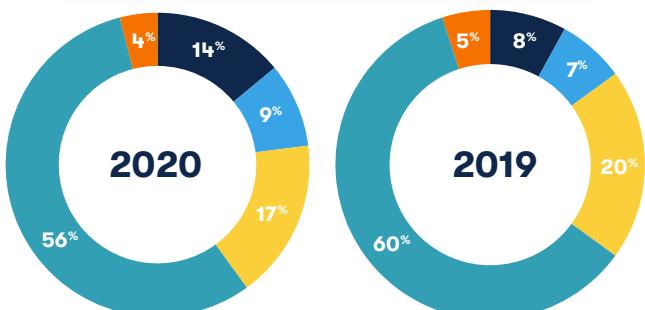
In 2019, home loan interest rates reached record lows with rates dropping below 3%, though with three Reserve Bank cash rate cuts in 2020, home loan interest rates have continued to fall with rates now below 2%.

The Consumer Pulse Report found owner occupiers are repaying their loan at an average home loan interest rate of 3.65%, down from 3.88% in 2019. The findings point out that borrowers need to chase a better deal, particularly as Canstar.com.au lists 85 owner occupied home loans with interest rates below 2%.

Thankfully, 14% of Australian mortgage holders have switched home loan lenders in 2020 in order to get a lower home loan interest rate, with a further 17% intending to switch. At the same time, the Consumer Pulse Report also found one third (32%) of Australian mortgage holders have successfully negotiated a lower home loan rate with their current lender this year.

Have you switched your mortgage lender for a better deal in the last 12 months?

- Yes, I have
- No, but I've tried
- No, but I intend to
- No, and I don't intend to
- Unsure



QLD

Average interest rate:
3.10%

Average home ownership length:
12 years

Average estimated LVR:
27%

Breakdown of housing:
14% apartments
11% townhouse/villa
74% house

WA

Average home ownership length:

12 years

Average estimated LVR:
40%

Breakdown of housing:
21% apartments
10% townhouse/villa
69% house

SA

Average home ownership length:
15 years

Average estimated LVR:
24%

Breakdown of housing:
9% apartments
13% townhouse/villa
80% house

NSW

Average interest rate:
3.70%

Average home ownership length:
8 years

Average estimated LVR:
33%

Breakdown of housing:
25% apartments
17% townhouse/villa
59% house

VIC

Average interest rate:
3.50%

Average home ownership length:
8 years

Average estimated LVR:
35%

Breakdown of housing:
16% apartments
18% townhouse/villa
66% house

*Based on respondents' average remaining home loan balance and average estimated property value.
Please note the sample size of owner occupiers that knew their home loan interest rate was not valid for SA and WA.



Canstar is Australia's biggest financial comparison site*, helping consumers to compare more than 770 finance brands from 30 finance categories including banking, insurance and superannuation.

In 2010, we expanded our services and launched Canstar Blue to provide customer satisfaction research and ratings for over 900 brands across more than 250 different consumer products and services. Today this also includes price comparisons for energy, phone and internet providers.

Our purpose is to help consumers confidently find the right product for them.



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