Money Matters – Aussie Views On Money And Finance

Contributed by Synovate
Tuesday, 01 December 2009

A recent survey by global market research company Synovate has revealed Australians have bounced back from the global financial crisis with optimism and are looking forward to seizing future financial opportunities.

The survey was conducted in 16 markets around the world and looked at attitudes and behaviours towards money and finance post GFC.

Cash, credit or cheque?

The way Australians transact and bank continues to push new boundaries.

While almost three out of ten global respondents are using cash more often than a year ago, nearly a third of Australians are using cash less.

In a similar move towards being more mobile and cashless, 60% of Aussies don't use cheques at all, and 22% are using them less than a year ago.

Geoff Reiser, Synovate Australia's National Director of Banking, Finance and Insurance, commented on the decline in usage. "With fast, secure and fee-free methods of electronic payment available these days the process of withdrawing cash or writing a cheque is becoming less necessary in our time poor society," he said.

"This is also why a quarter of Aussies are using EFT more than a year ago (electronic funds transfer via the internet), more than the global average of 12%. It also helps that companies of all sizes are getting better at making EFT payments available for their customers. This is just one example of the continued growth of cashless banking".

Quick Facts
- 17% of Aussies are using debit cards more often to pay for things
- A surprising 36% claim not to use debit cards at all!
- Credit card usage has remained fairly stable in Australia over the past year with four out of ten saying they use it the same amount

What are we doing differently?
Are we loyal banking customers? Eight percent of Aussies claim they've switched banks in the past six months, which is just above the global average of 6%.

"With interest rates starting to rise again, customers are chasing competitive rates and loan terms, or may be looking for a bank that will lend them a higher amount to take advantage of investment opportunities," said Reiser. "We have also seen a greater direct competitive focus on the switchers market in recent times, particularly for transactional accounts."

More Aussies have closed credit card accounts (11%) than opened them (8%), a sign of our cautious side. Australians may also be finding repayments tougher with 14% making a late credit card payment in the past 6 months.

There are clearly signs of the impact of the GFC, with 8% of Australians surveyed having lost their job or had their partner lose their job in the last 12 months and 5% and have had to take up a second job.

"With reports indicating that Australia's employment rate is on the rise, and initial signs of a resource-led recovery, the key challenge for marketers will be understanding the consumer behaviours that will revert the quickest on the back of any improved sentiment," said Reiser.

Quick Facts
- 21% of Australians have written or revised a budget
- 7% have refinanced a loan or consolidated debt
- 5% have switched to safer investments
- 6% have taken money out of a retirement account
- 6% of Australians have sold shares or taken money out of the stock exchange

For some Aussies the economic crisis is definitely a thing of the past, with 40% of Australians saying they have not needed to make any changes at all in the past six months.

What have we postponed or spent less on?

In good news for the auto industry, over three quarters of Australians have not postponed a car purchase or spent less on a car in the last six months, and between August and September national new car sales actually increased.

Likewise, 84% of Aussies have not delayed a home purchase or had to spend less on it, which explains why home loan approvals have increased over the past year.

In a sign that big lifestyle decisions aren't as affected by the external environment, only 4% of Aussies have postponed or spent less on their wedding, or postponed having a baby.

A third of Australians have, however, delayed or spent less on a new TV, and one in five (22%) have delayed or spent less on a holiday.

Julie Beeck, Managing Director of Synovate in Australia, said,
"Whether it was due to people's uncertainty around their employment or an actual reduction in their income, people have deferred the big-ticket luxuries like the plasma TV or the holiday.

"The top three reasons for Australians delaying purchases or spending less in the past six months were because they didn't think they have enough money (39%), they could afford it but think it's wise to wait (16%), or are waiting for prices to come down or bargain hunting (13%)," said Beeck.

If only money grew on trees...
When asked what they would do with an extra $1000, the most common response in Australia was to pay off or pay down debt (35%), one of the highest responses globally.

Also, seven out of ten Australians disagreed with the statement that 'increasing savings is more important that reducing debt'.

The second top response for what they'd do with $1000 was to put it into a bank savings account (26%), followed by spend it on something fun (15%).

No one in Australia was willing to gamble it or buy an insurance policy, and few people would purchase shares (3%).

"According to the Reserve Bank of Australia, over the last 18 years the total amount of debt owed by Aussie households rose almost six-fold. While credit card debt has only risen slightly, household debt has increased significantly, particularly when compared to the growth rate of income and wealth. And with interest rates starting to rise again in Australia, people will be looking to pay down debt to reduce their exposure as much as possible," said Reiser.

Our attitudes following the GFC
When asked whether the economic crisis has permanently changed their attitudes about the importance of saving money, Australians are divided.

However, nearly half of Aussies (49%) do agree that they're going to do their best not to go back to spending what they did before the downturn.

Quick facts
- If we are finding times tough, 67% of Australians would prefer their neighbours didn't know about it.
- Eight out of ten Aussies believe it's the responsibility of each generation to leave the country better off for the next generation

Investing
When looking at investment options in the future, Australians are less conservative than the rest of the world.

When asked to agree or disagree with the statement
"I will not invest in the stock market in future", 44% of global respondents agreed compared to 38% of Aussies. Similarly, when asked to respond to "I will not invest in property in the future", 31% of global respondents agreed, compared to only a quarter of Aussies.

"Owning your own home is still the norm, if not the dream, for most Australians, and property is a popular investment. Australia has recently seen the highest rate of population growth since the 1950's post war boom, so increasing demand for housing is impacting values and returns. With the economy on the upwards trend many Australians are recognising the future opportunities in property investment," said Beeck.

Quick Facts
- Nearly three quarters of Australians believe we need more government regulation of the financial services industry to ensure this doesn't happen again

- For 45% of Aussies trust in financial institutions has dramatically reduced
- Australians would have preferred if the GFC had never happened, with only 27% agreeing with the statement 'I am glad we had this economic crisis as it has helped me recognise my priorities' (compared to 41% agreeing globally)
- Finally, four out of ten Australians are looking forward to being able to spend freely again - and no doubt so are Australian businesses.

About this survey
This Synovate In:fact study 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/infact/issues/200910b/ .

Sydney - 9 November 2009