

NAB AUSTRALIAN WELLBEING SURVEY Q3 2019

How do Australians think and feel about their emotional and financial wellbeing?



NAB Behavioural & Industry Economics

October 2019

Wellbeing in Australia rose to a near record high in Q3, but 1 in 3 people remain “highly anxious”. NAB’s survey is not designed to detect or diagnose anxiety disorders, but it does suggest a growing number of people are living with a sense of worry. Money seems to help, but not always. While higher incomes don’t necessarily translate into lower anxiety, money does seem to help us cope better. Our latest report also shows around 1 in 3 people experienced some financial stress or hardship in Q3, and nearly half tried to manage by stricter budgeting or cutting unnecessary expenses. But there were also emotional elements, including over 1 in 3 people who withdrew socially.

NAB’s Australian Wellbeing Index rose for the third straight quarter in Q3 2019 to 65.7 points - the second highest reading since the survey began in 2013. Australians reported their highest levels of happiness and life satisfaction in the history of the survey, with life worth also at an equal survey high. Despite these positive trends, one of the four dimensions of the wellbeing index worsened - anxiety. Highly anxious people also ranked their overall wellbeing much lower than those with low anxiety. Not only did overall anxiety rise, but anxiety specifically arising from our current financial position also increased.

Much debate surrounds the question of whether anxiety is on the rise, or do we know more, think more and speak up more about it. Is this “new” wave of anxiety simply the result of being significantly underestimated in the past? Or is this a genuine epidemic, the product of growing pressures of living in our modern society? There are many theories covering everything from loneliness, smaller and more disrupted families, the decline of organised religion, rising debt levels, a change in spending patterns, the rise of social media, the 24-hour news cycle, extended working days, the pace of technological change, to concerns about global warming, terrorism and the rise of political extremism. No one knows for sure.

Anxiety is a vague term. At one end of the scale it may refer to natural concerns and emotions felt prior to an exam or a job interview for example. At the other, it can arrive as a symptom of another mental illness, such as panic disorders, post-traumatic stress disorder, phobias, etc. When anxiety is a person's primary symptom, it may be referred to as generalised anxiety disorder (GAD). NAB’s survey is not designed to detect or diagnose anxiety disorders or pathological anxiety. But, it does indicate that a growing number of Australians are living with a sense of worry. Many who say they experience high levels of daily anxiety may not meet the criteria for an anxiety disorder but they’re still affected. In fact, more than 1 in 3 Australians in our survey reported having feelings of high anxiety. These people are harder to quantify and can fly under the radar.

In new NAB wellbeing research, we take a closer look at “highly anxious” people. A complex picture emerges, particularly about the relationship between money and anxiety. Our research suggests when compared to people with low anxiety, highly anxious people are well behind in areas such as mental health, standard of living, family and personal relationships, their homes and personal safety. Other areas where there is a big gulf include physical health, concerns about the future, physical appearance, feeling part of their local community and sleep.

Previous NAB research has shown a strong correlation between higher income and higher wellbeing - at least in terms of life satisfaction, life worth and happiness. But, it also shows higher income alone doesn’t translate into lower anxiety. In fact, “average” anxiety levels are rated about the same by Australians in the highest and lowest income bands. These averages do however mask an interesting relationship between financial and personal anxiety - people with high personal anxiety also have much higher levels of financial anxiety, irrespective of income. This suggests financial anxiety can occur at any income level and adversely impact personal wellbeing.

But money does seem to help in other ways.

When highly anxious people were asked how they were “coping”, a different pattern emerges. Highly anxious people on higher incomes (above \$100,000 p.a.) say they’re coping much better than highly anxious people on lower incomes (less than \$35,000 p.a.). This suggests while money alone doesn’t guarantee a less anxious life, it appears to help anxious people cope.

Poor sleep has been linked to physical problems and mental health issues such as anxiety and depression. New NAB research also shows good sleep is important for overall wellbeing. Australians with low anxiety said they’re sleeping better than those with high anxiety. They also have much higher wellbeing. Higher income earning Australians also reported sleeping better than those on lower incomes.

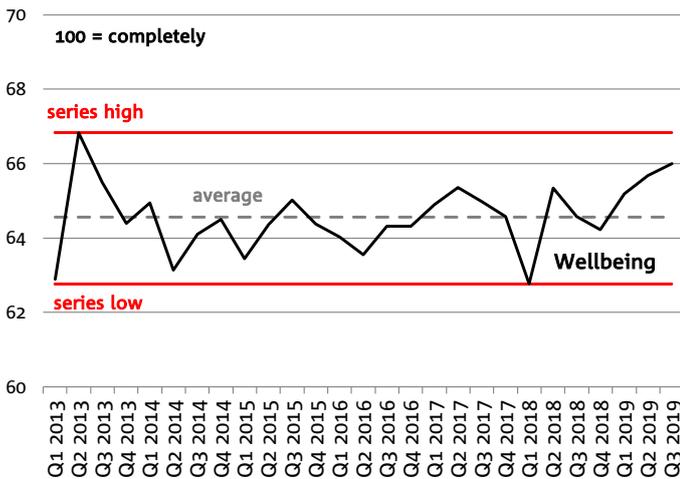
In other key survey findings:

- Around 1 in 3 people said they had experienced some form of financial stress or hardship over the past 3 months.
- Not having enough money for an emergency was the most frequent cause of financial stress or hardship for these people followed by being unable to pay a bill.
- Over 5 in 10 people who experienced financial hardship tried to manage by following a stricter budget and cutting out unnecessary expenses. Almost 4 in 10 made personal sacrifices for the family and 3 in 10 sold possessions. Around 2 in 10 went into more debt - and over half of these people borrowed from family and friends and 1 in 4 from payday lender.
- Having financial stress can also take an emotional toll and lead to unhealthy coping behaviours. Over 1 in 3 who experienced financial stress said they tried coping by withdrawing socially or getting angry. Around 2 in 10 filtered their phone calls, left their bills unopened and lied to family or friends. Almost 3 in 10 did nothing and an alarming 14% turned to alcohol or drugs.

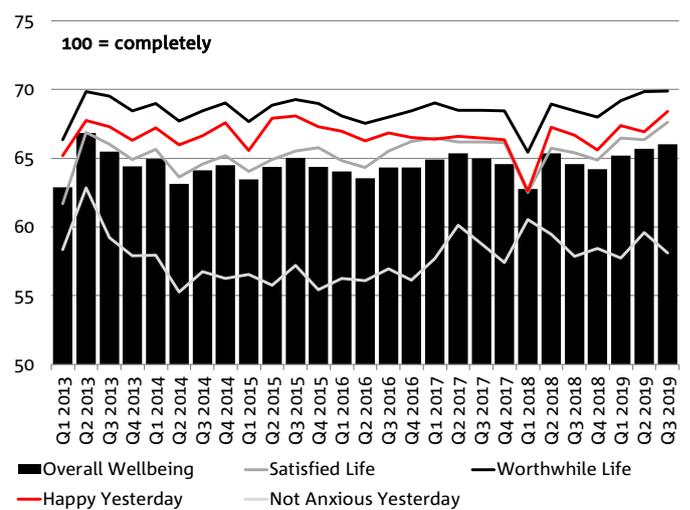


PART 1: OUR PERSONAL WELLBEING

NAB AUSTRALIAN WELLBEING INDEX



NAB AUSTRALIAN WELLBEING INDEX

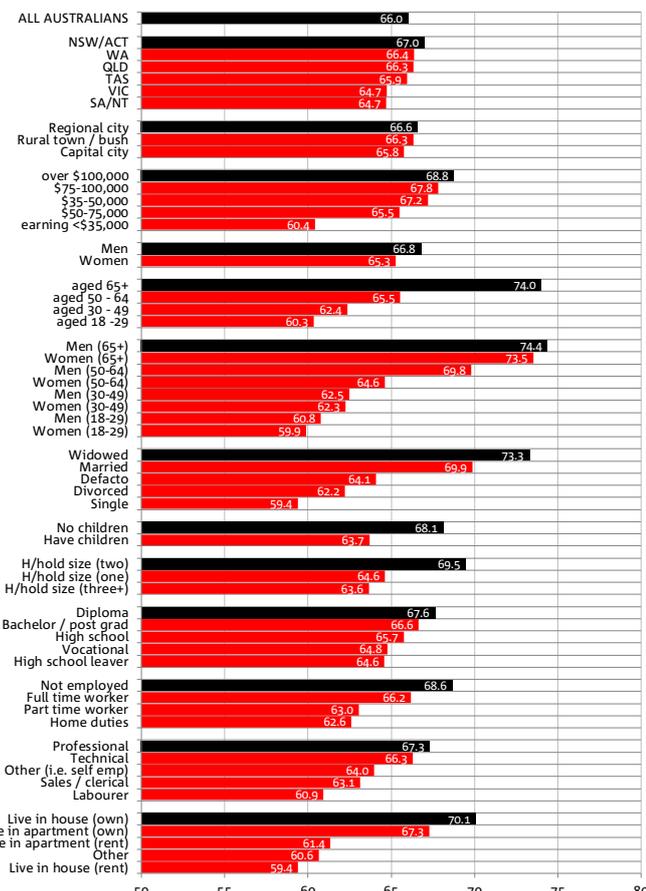


The NAB Australian Wellbeing Index (a broad measure of wellbeing based on life satisfaction, life worth, happiness and anxiety) rose for the third straight quarter in Q3 2019.

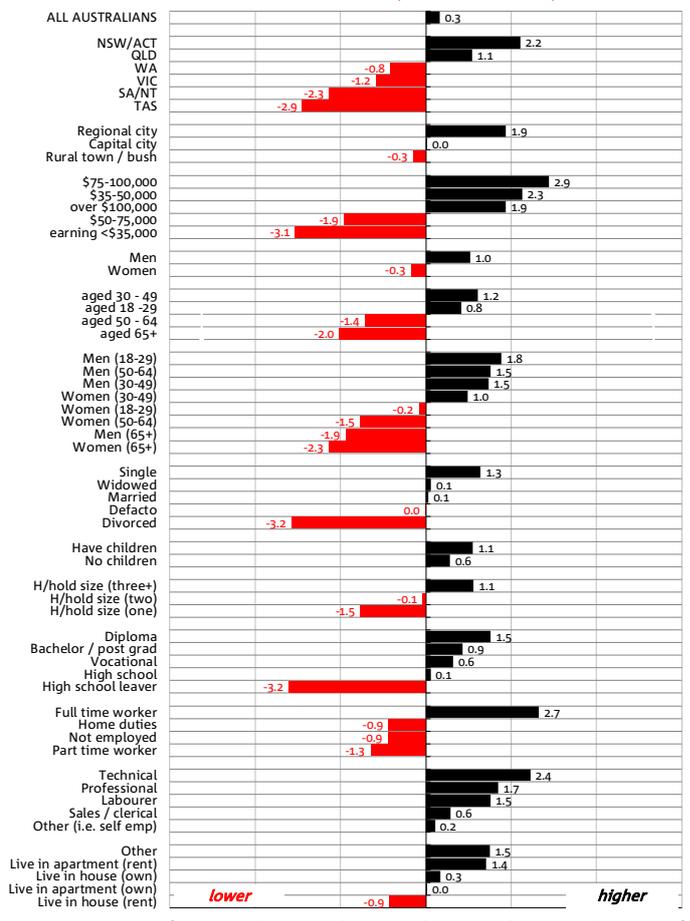
Overall, the index rose 0.3 points over the quarter to 65.7 points. This was the highest reading since Q2 2013 and second highest since this survey started in Q1 2013. Consequently, wellbeing is also currently tracking above average (64.6 points). Australians are happier and more satisfied with their lives than they've been since we first started this survey. Happiness rose 1.5 points to a new high of 68.4, and life satisfaction 1.3 points to a new high of 67.6 points. Our sense of life worth was unchanged at an equal survey high 69.9 points. But we were more anxious (1.5 points lower at 58.1 points). Wellbeing does vary across our 58 monitored demographic groups.

The chart below on the left ranks overall wellbeing from highest to lowest in each demographic group, and the chart on the right shows how wellbeing in each group has changed over the quarter.

NAB AUSTRALIAN WELLBEING INDEX - ALL CATEGORIES (100 = completely)



AUSTRALIAN WELLBEING INDEX (QUARTERLY CHANGE)



Age clearly matters. In Q3 2019, overall wellbeing was again rated highest by Australians over the age of 65 (74.0 points) - both men (74.4) and women (73.5). Widows (73.3) and married people (69.9) also continue to report very high wellbeing. Home ownership is important, with people who live in and own a house (70.1) or apartment (67.3) having much higher levels of wellbeing than those that rent.

Across other demographic groups, Australians who live in a 2-person household (69.5) or don't have children (68.1) also had relatively higher levels of wellbeing, as did men aged 50-64 (69.8). Professional workers had the highest wellbeing by job type (67.3), those not employed (68.6) by employment status, and people with a diploma (67.6) by educational attainment. Having a high income is important, with the highest income earners having the highest wellbeing (68.8), but only marginally higher than in lower income bands, suggesting money alone is not the key to wellbeing.

On the flipside, wellbeing was lowest for people who live in a rented house (59.4), have 'other' living arrangements (60.6), are single (59.4), for young women (59.9) and men (60.8) aged 18-29, labourers (60.9) and in the lowest income group (60.4) where wellbeing was also significantly lower than for Australians in any other income band.

A closer look at the key demographic groups shows that NSW/ACT (67.0) overtook TAS (65.9) for the highest wellbeing in Q3 2019, with wellbeing equal lowest in SA/NT (64.7) and VIC (64.7). Interestingly, people living in TAS reported the highest levels of life satisfaction (70.6), life worth (73.9) and happiness (71.1), but were also by far the most anxious in the country (48.2). QLD was the least anxious state (61.0).

Wellbeing levels varied little by region. It was highest in regional cities (66.6) and lowest in capital cities (65.8). It was however telling that Australians living in regional and capital cities had higher levels of life satisfaction, life worth and were happier, but people living in rural towns and the bush were the least anxious (64.0), and by some margin particularly when compared to city dwellers (56.1).

We know income is an important driver of wellbeing, with people in higher income groups typically enjoying higher wellbeing than all other income groups. In Q3 2019, the wellbeing gap between Australians in the highest income group and all other income groups bar the lowest income band was relatively tight at just 3.3 points. People in the lowest income band continue to lag (60.4). Moreover, the wellbeing gap between the highest and lowest income band has again widened to 8.4 points after having reached a survey low 3.4 points in the previous survey. This group also reported the lowest wellbeing across all survey measures.

By age and gender, the latest survey results again reinforce previous findings that wellbeing increases with age. In Q3 2019, wellbeing was lowest in the 18-29 age group (60.3) and then stepped up progressively as we grew older to 74.0 points for the over 65s. This was true for both men and women, although men reported higher levels of overall wellbeing than women in all age groups. Wellbeing was also higher for similarly aged men than women for most components of the index, except life satisfaction and life worth in the 30-49 group, anxiety in the 18-29 group and life worth, and happiness in the over 65 group where they were basically the same.

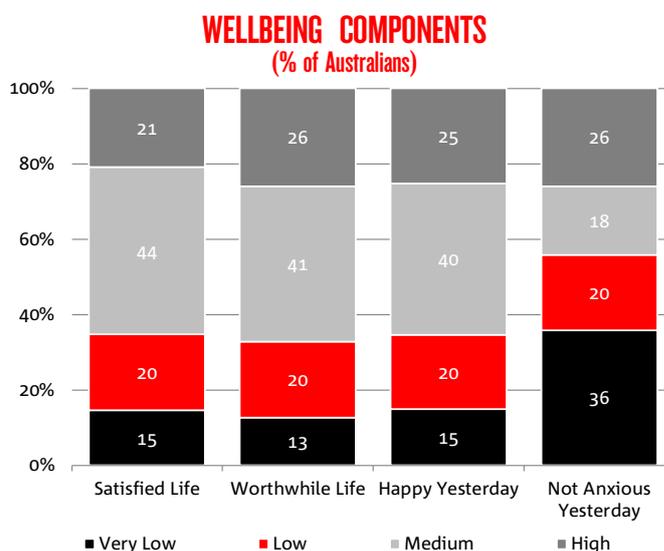
A CLOSER LOOK AT ANXIETY

Overall wellbeing continues being held back by relatively high levels of anxiety. In Q3 2019, Australians were more anxious.

But of more concern, more than 1 in 3 (36%) of all Australians reported high levels of anxiety (i.e. they people scored the 'not anxious yesterday' question 'very low'). To put this in some perspective, the chart on the right shows that just 15% of Australians rated the life satisfaction and happiness 'very low' and 13% their life worth 'very low'.

Australians with high anxiety (52.6) also ranked their wellbeing much lower than did those with low anxiety (78.4).

But how do key wellbeing drivers differ for highly anxious people, compared to those with low anxiety, and more importantly how well are they coping with their anxiety?



Since Q2 2015, we have asked Australians to tell us to identify the key drivers of their own wellbeing, in particular what adds to or detracts from their own sense of personal wellbeing across a range of issues - see below.

In this report, we compared the wellbeing drivers of the most highly anxious Australians (i.e. those who the 'not anxious yesterday' question 30 points or lower) against the least anxious Australians (i.e. those who rated the 'not anxious yesterday' question 70 points or higher).

The results are shown in the chart below.

It shows that significantly more highly anxious Australians derive positive wellbeing from many factors than do Australians with low anxiety.

Areas where people with low anxiety are well behind are mental health (+2% in the highly anxious group vs. +52% in the low anxiety group), standard of living (+29% vs. +60%), family and personal relationships (+38% vs. +69%), their homes (+35% vs. +65%) and their personal safety (+35% vs. +65).

Other areas where there is a big gulf include physical health (+30% vs. +6%), the future (+6% vs. +29%), physical appearance (+2% vs. +21%), feeling part of local the community (+29% vs. +48%) and sleep (0% vs. +18%).

But there are also some areas where highly anxious people have a similar (or somewhat better) wellbeing profile to people with low anxiety.

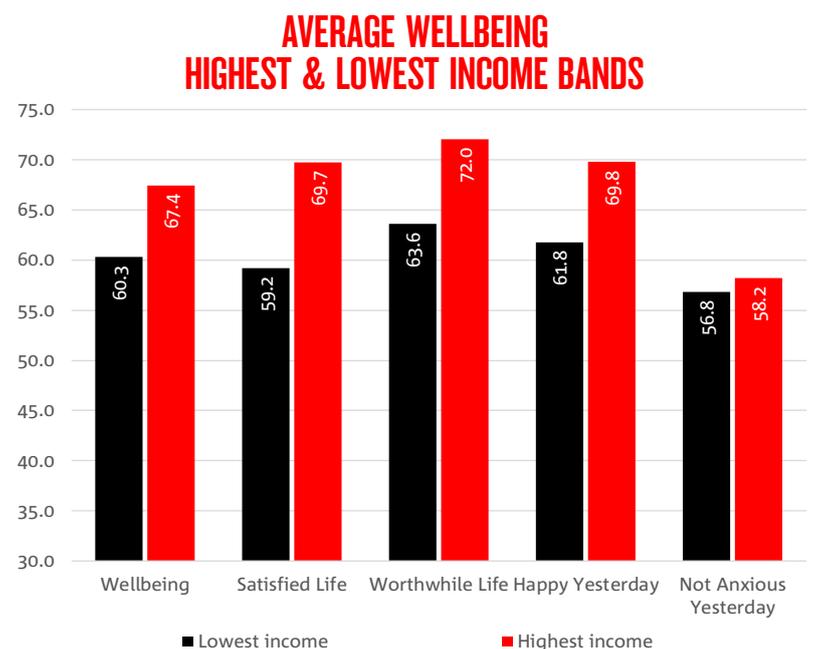
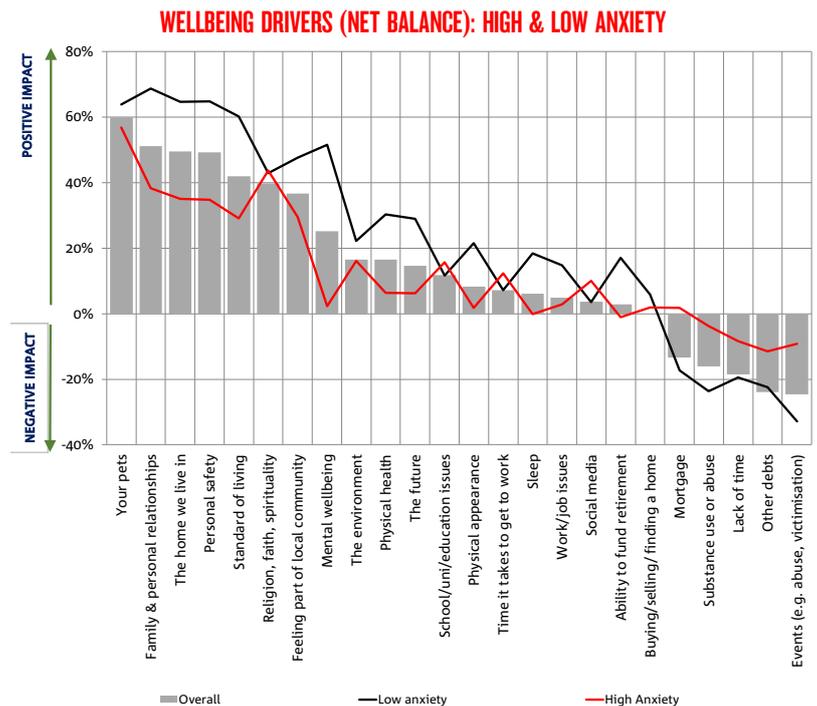
These were religion, faith and spirituality, education issues, time it takes to get to work and social media.

In previous reports, we have discussed in detail the relationship between wellbeing and income and found that higher income is typically accompanied by higher levels of wellbeing.

The chart on the right looks at average wellbeing levels of Australians in the highest and lowest income bands since Q1 2013. It shows there is indeed a strong correlation between high income and higher life satisfaction, life worth and happiness.

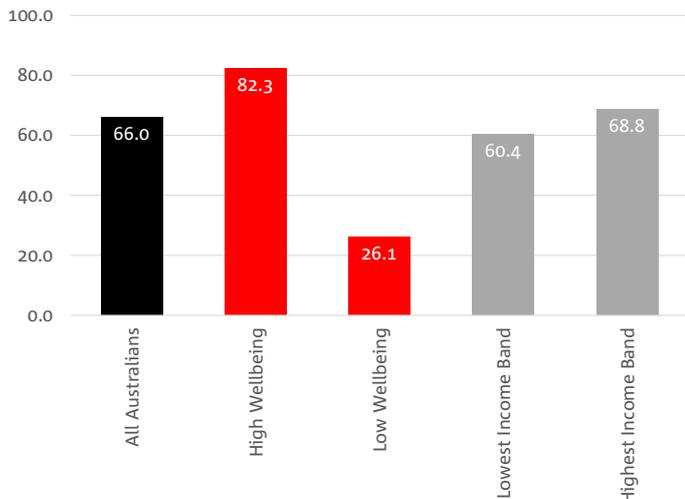
But it also shows that higher incomes do not necessarily translate into lower anxiety.

In fact, average anxiety levels for Australians in the highest and lowest income bands are broadly similar.



A comparison of wellbeing and anxiety levels among higher and lower income earners.

OVERALL WELLBEING

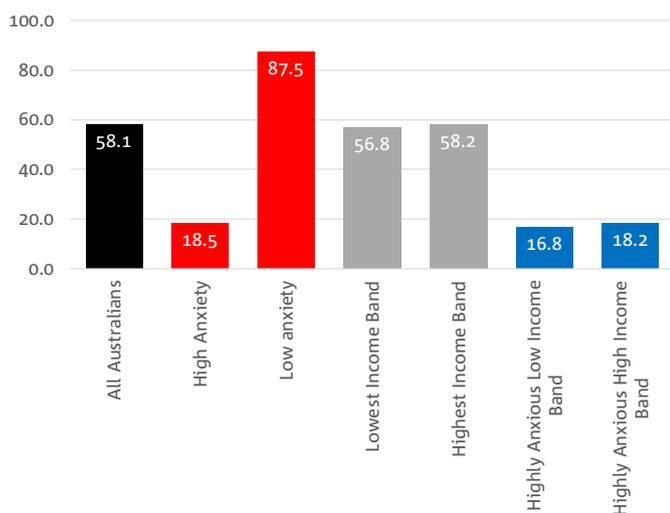


The first chart on left shows overall wellbeing does seem to correlate with income - Australians on lower incomes (less than \$35,000 p.a.) report much lower wellbeing scores than those on higher incomes (over \$100,000 p.a.)

Moreover, highly anxious people on lower incomes have even lower wellbeing than highly anxious people on higher incomes.

They also have much lower wellbeing than lower income earners on average.

"NOT ANXIOUS"

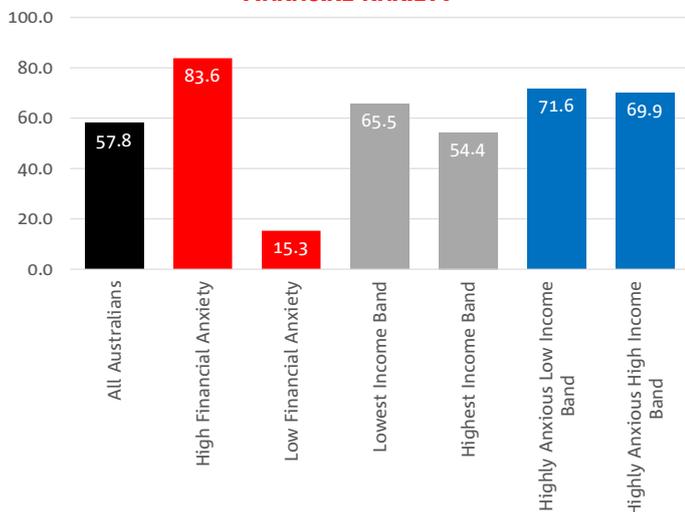


The next chart on the left suggests that income and anxiety aren't as closely related.

In fact, Australians on both higher and lower incomes rated their personal anxiety levels about the same.

Moreover, highly anxious people also shared similar levels of anxiety regardless of whether they were on lower or higher incomes.

FINANCIAL ANXIETY



The final chart on the left addresses a more specific type of anxiety - financial anxiety (i.e. how worried people are about their current financial position).

On average, overall levels of financial anxiety are noticeably higher for Australians in lower income bands than in higher income bands.

However, Australians who have high levels of financial anxiety share similar levels of anxiety, irrespective of their income.

There appears to be no common tolerance of financial stress. While one person may suffer financial anxiety on a low income, someone else on a much higher income may equally be concerned. The real question is whether people feel their individual financial situation is a problem.

How are highly anxious Australians coping with their anxiety. The chart on the right shows how the most anxious people in Australia believe they're coping with their anxiety. Clearly, some are coping much better than others.

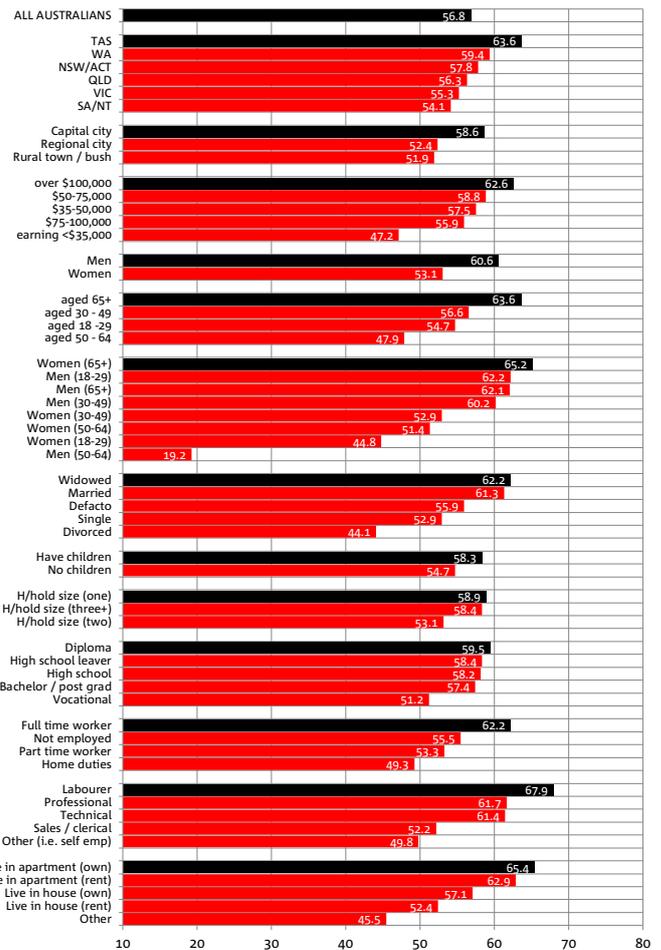
By state, highly anxious Australians living in TAS are coping best (63.6 points), and those in SA/NT (54.1) worst. Capital city dwellers (58.6) are coping better than those in regional cities (52.4) and rural towns and the bush (51.9).

It also appears easier to cope if we have money. Highly anxious Australians in the highest income band (62.6) said they were coping much better than highly anxious Australians in the lowest income band (47.2). They are also coping better than people in all other income groups. This suggests that while money alone is not a key differentiator for overall wellbeing, can help people cope with it.

By age and gender, highly anxious women over the age of 65 were coping best (65.2 points) and men aged between 50-64 coping worst (19.2). But we suspect this very low score could have been unduly influenced by a lower than normal survey response from this demographic group in the Q3 survey. There was also a very big gulf in how well young men (62.2) were coping with anxiety compared to young women (44.8).

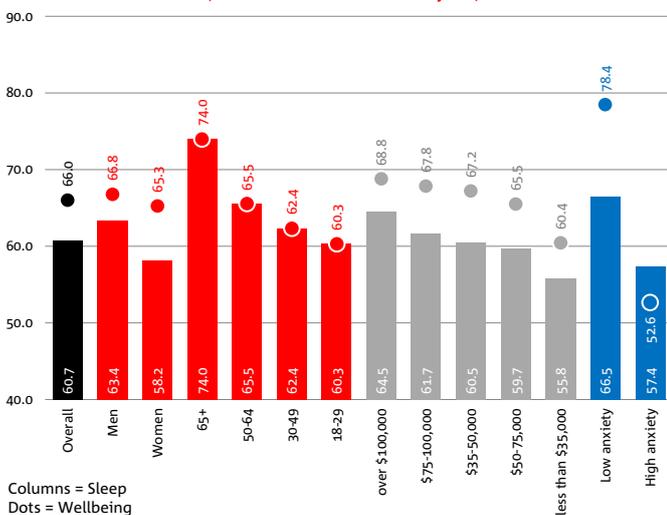
Other highly anxious groups that were identified as not coping particularly well included divorced people (44.1), those 'other' living arrangements (45.5), people engaged in home duties (49.3) and the self-employed (49.8).

COPING WITH ANXIETY - ALL GROUPS
(0 = not at all; 100 = coping completely)



DOES SLEEP HELP WELLBEING?

HOW WELL DO YOU SLEEP IN A TYPICAL WEEK
(0 = not at all well* 100 = extremely well)



Columns = Sleep
Dots = Wellbeing

Good sleep is important for overall wellbeing. Poor sleep has been linked to physical problems and mental health problems such as anxiety and depression.

For the first time, we asked Australians how well they sleep in a typical week. On average, they sleep 'moderately' well, scoring 60.7 points out of 100 (where 100 = extremely well).

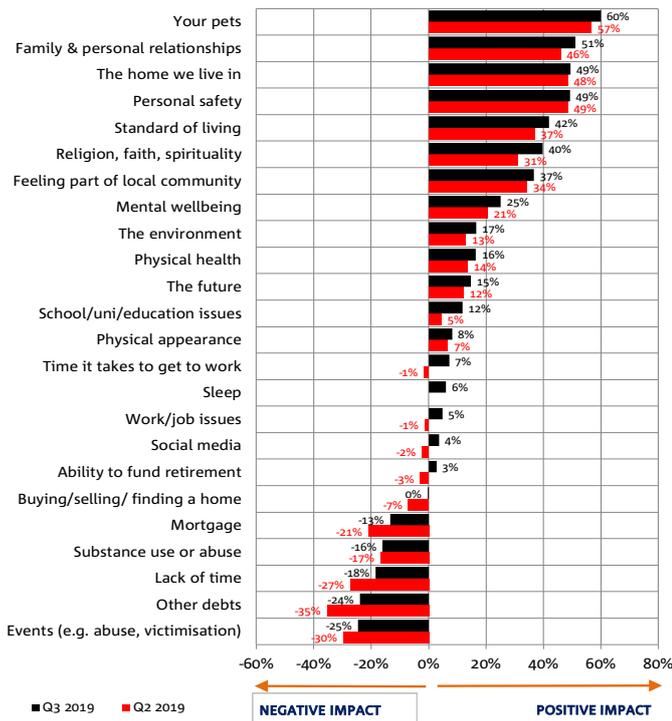
A closer look across key demographic group shows a strong link between better sleep and better wellbeing.

Men (63.4) slept better than women (58.2). They also reported higher wellbeing than women. A similar pattern was evident by age, with sleep improving as we age - from 60.3 in the 18-29 age group, stepping up in each age band to 74.0 for the 65s. Wellbeing by income follows a broadly similar pattern. Australians in the highest income band also reported sleeping best (64.5) and those in the lowest band worst (55.8).

Australians with low anxiety (66.5) slept much better than those with high anxiety (57.4), and had much higher wellbeing.

WHAT ARE THE KEY DRIVERS OF OUR OVERALL WELLBEING?

WELLBEING DRIVERS (NET BALANCE)

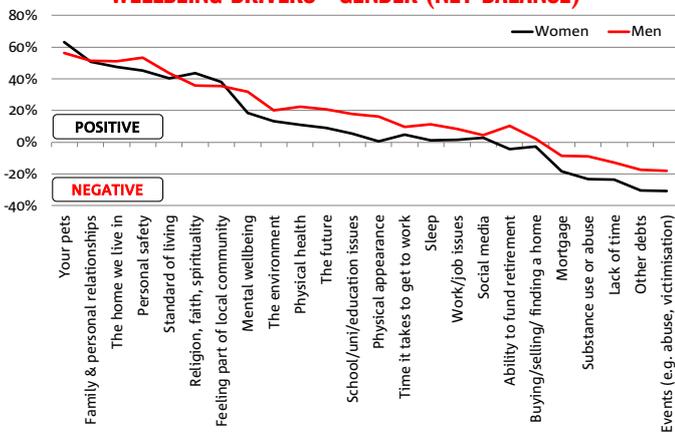


The chart on the left looks at key factors that add or detract from our sense of wellbeing. It counts the number of people who said the issue added to their wellbeing and subtracts those who said it detracted from wellbeing (i.e. net balance). A positive result indicates that more people said it contributed positively, while a negative result indicates more people said it detracted from their wellbeing.

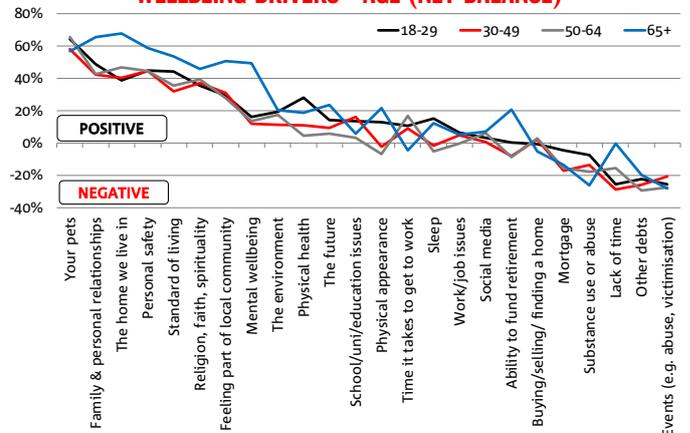
NAB research again showed pets (+60%) contributed positively to the wellbeing of most Australians in Q3 (57% in Q2). Family & personal relationships (+51%) and our homes (+49%) were next. Personal safety fell to fourth spot (+49%) but is still a key contributor. Other things that contributed positively for many people was their standard of living (+42%), religion, faith or spirituality (+40%), feeling part of the local community (+37%) and mental wellbeing (+25%).

Events (-25%) and other debts (-24%) were highlighted as the key detractors from personal wellbeing in Q3, but they detracted from fewer people than in the last survey. The negative impact on wellbeing arising from lack or time (-18%), substance use or abuse (-16%) and mortgages (-13%) also outweighed the positive impact in Q3, but for fewer people than in Q2.

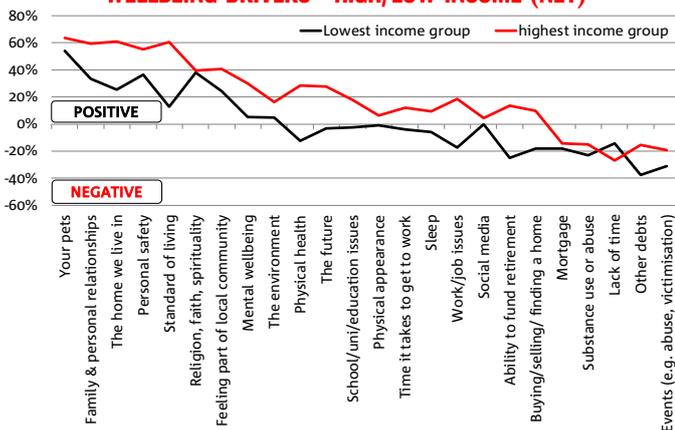
WELLBEING DRIVERS - GENDER (NET BALANCE)



WELLBEING DRIVERS - AGE (NET BALANCE)



WELLBEING DRIVERS - HIGH/LOW INCOME (NET)



Wellbeing drivers impact wellbeing differently by gender, age and income. More men in net terms derive greater wellbeing benefits (or are less negatively impacted) by all key drivers than are women, except for pets (+63% women vs. +56% men), religion, faith or spirituality (+43% vs. +36%) and feeling part of the local community (+38% vs. +35%) where more women were positively impacted.

The areas where significantly more men derived a wellbeing benefit (or were less negatively impacted) than women were physical appearance (+16% men vs. +1% women), retirement funding (+10% vs -4%), substance use or abuse (-9% vs. -23%), mental wellbeing (+32% vs. +19%), other debts (-17% vs. -31%) and events (-18% vs. -31%).

There are also noticeable differences by age. For example, a lot more Australians over the age of 65 said they derived a positive wellbeing benefit from family and personal relationships (+65%), their homes (+68%), feeling part of their local community (+51%), and their ability to fund retirement (+21%) than did any other age group.

In contrast, more young people aged 18-29 derived a positive benefit from their physical health (+28%), and were also the least negatively impacted by mortgages (-4%) and substance use or abuse (-8%). Lack of time weighed most heavily for 30-49 year olds (-29%), but 50-64 year olds were the most positive about their pets (+66%) and the time it takes to get to work (+17%), but also the age group most negatively impacted by other debts (-29%).

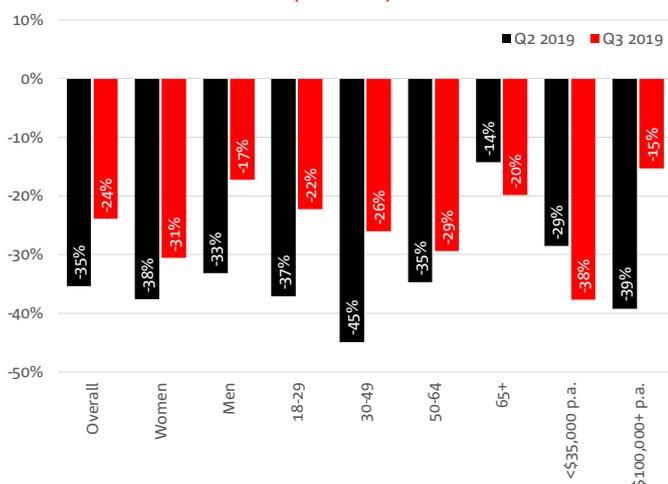
There were even more obvious differences between the highest and lowest household income groups, with noticeably more high-income earners drawing positive (or less negative) benefits from all drivers, except lack of time (-27%). The differences were most pronounced for standard of living (+61% high income vs. +13% low income), physical health (+28% vs. -13%), retirement funding (+13 vs. -25%), work or job issues (+18% vs. -17%), their homes (+61% vs. +26%) and the future (+28% vs. -3%).

THE IMPACT OF DEBT

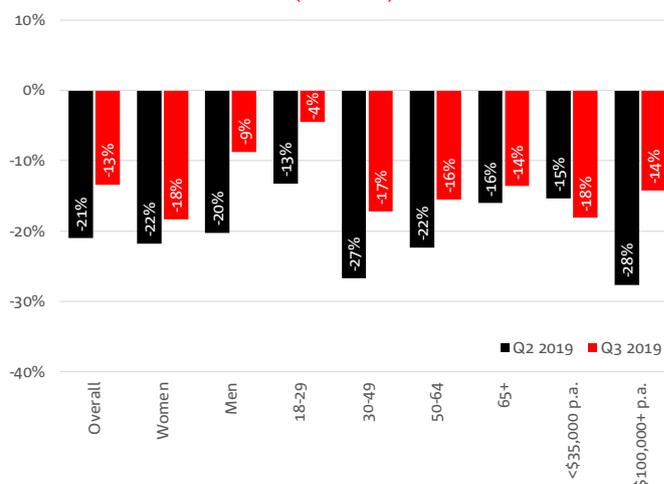
Other debts and mortgages remain key detractors from personal wellbeing for many Australians. But in Q3 2019, the net number of people who said other debts detracted from wellbeing fell to -24% from -35% in Q2, while the net number who said their mortgages detracted from wellbeing fell to -13% from -21% in the previous quarter. We suspect the negative impact of debt softened following interest rate cuts in June and July that may have resulted in lower borrowing and mortgage costs or repayments.

While most key groups benefitted, some were worse off, with other debts having a bigger negative impact on wellbeing for more Australians over of 65 (-20% vs. -14% in Q2) and in the lowest income band (-38% vs. -29%). Mortgages also detracted from wellbeing for more people in the lowest income band (-18% vs. -15%).

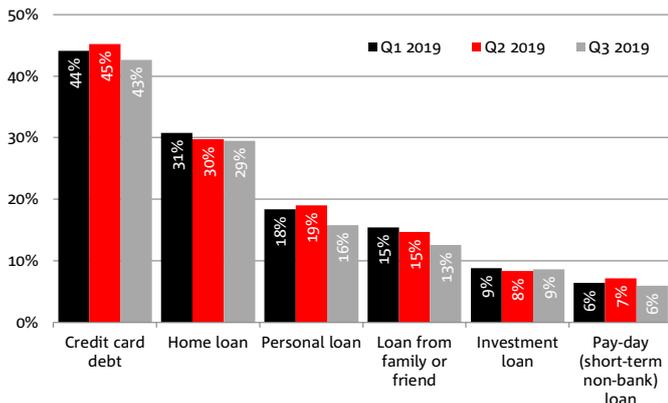
WELLBEING DRIVERS - OTHER DEBTS
(net balance)



WELLBEING DRIVERS - MORTGAGES
(net balance)



TYPES OF DEBT CURRENTLY HELD



The most common types of debt held in Q3 2019 were credit card debt (43% of all Australians) and home loans (29%).

But for over 65s, where other debts detracted more from wellbeing, credit card debt was by far the most commonly held debt they had (43%). It was also by far the most common debt held by low income Australians (35%). They were far less likely to have a home loan (9% and 10% respectively) than other groups.

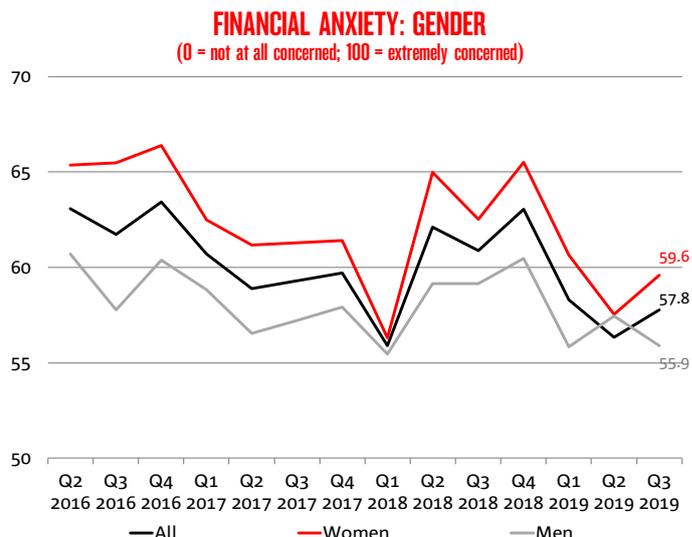
With credit card debt typically carrying much higher rates of interest, this may partly help explain why other debts detracted more from their wellbeing in Q3 2019.

PART 2 - FINANCIAL ANXIETY

Anxiety is the key detractor from overall wellbeing, and concerns over debts, mortgages and ability to fund retirement are among the key triggers.

In Q3 2019, NAB's Financial Anxiety Index - based on the level of concern over future spending and savings plans arising from their current financial position - rose to 57.8 points, from 56.3 in Q2 but down from 60.9 at the same time last year.

By gender, financial anxiety for women increased (up 2.1 points to 59.6). Financial anxiety for men however was lower (down 1.5 points to 55.9). Consequently, the gap between women and men widened to 3.7 points from just 0.1 in the previous quarter and 3.4 in Q3 2018.

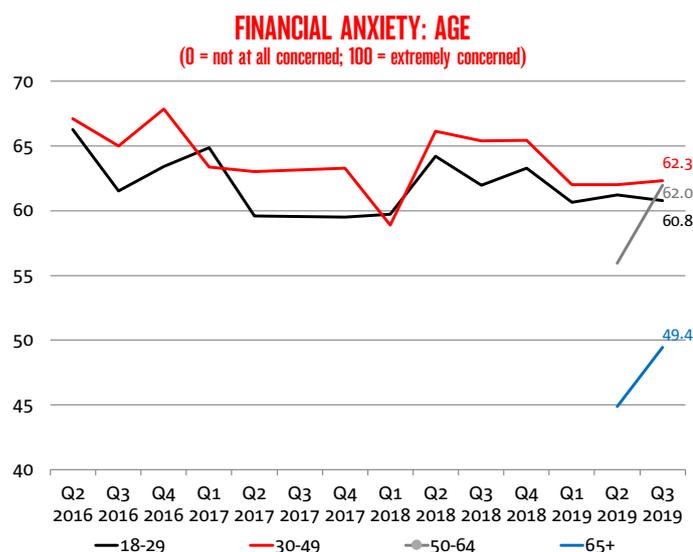


Financial anxiety was highest for people in the 30-49 year age group (up 0.3 points to 62.3), followed by 50-64 year olds, where anxiety climbed significantly to 62.0 points, from 55.9 in the previous quarter.

Financial anxiety moderated a little in the 18-29 year age band, but climbed noticeably for the over 65s (up 4.6 points to 49.4). However, the 65 age group continued to report the lowest financial anxiety by some margin.

By age and gender, financial anxiety was lower for men in all age groups except 18-29 year olds (60.0 women vs. 61.6 men).

Financial anxiety was significantly lower for men in the 50-64 age band (54.6 men vs. 63.6 women) and in the over 65 group (47.4 men vs. 52.1 women) and somewhat higher in the 30-49 age band (men 61.2 vs. women 63.4).

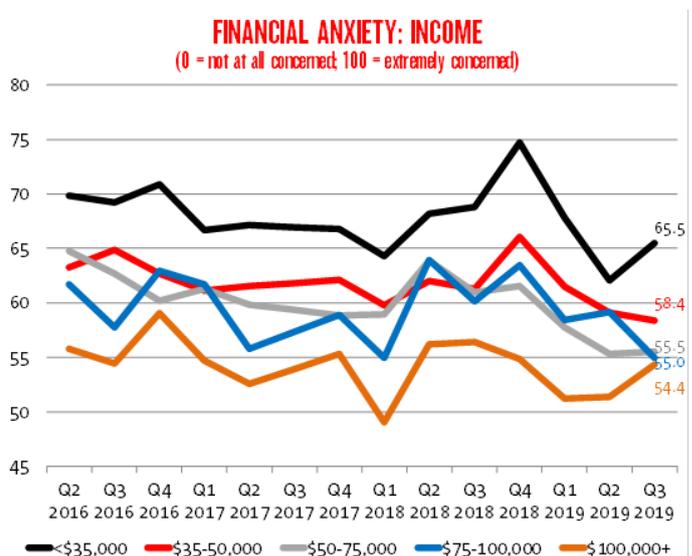


In Q3 2019, financial anxiety remained highest and increased for people earning less than \$35,000 p.a. (up 3.4 points to 65.5). However, the level of anxiety in this group remains well below a peak level of 74.7 in Q4 2018.

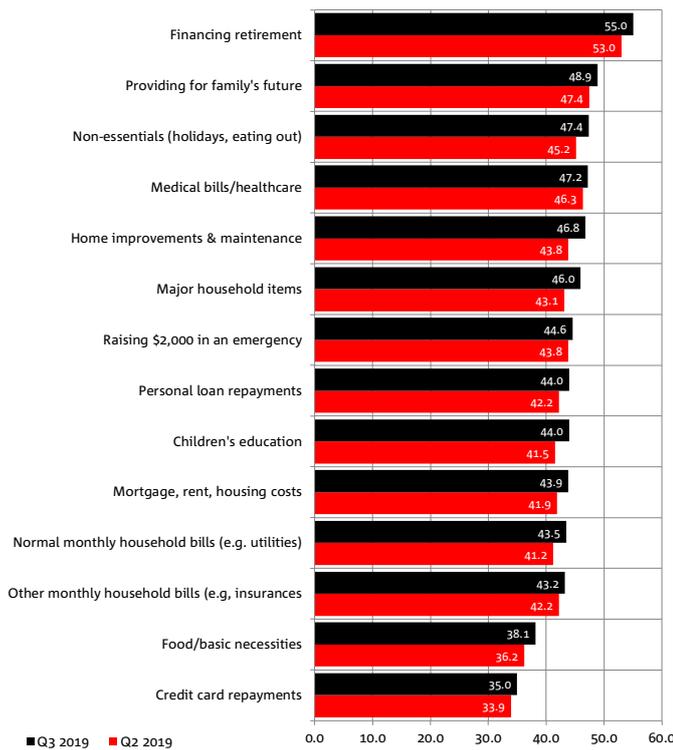
Anxiety was lowest for people in the highest income earning group, but also increased over the quarter (up 3.0 points to 54.4).

As a result, the 'financial anxiety gap' between the lowest and highest income earners was broadly unchanged at 11.2 points, from 10.7 points in Q2 (but still well down from a survey high 19.9 in Q4 2018).

Financial anxiety was lower in all other income groups, particularly for Australians in the \$75-100,000 band (down 4.2 to 55.0).



KEY DRIVERS OF FINANCIAL ANXIETY
(0 = not at all concerned; 100 = extremely concerned)



Not only did overall financial anxiety increase in Q3, but anxiety levels around all key drivers of financial anxiety increased.

So, what are Australians most anxious about?

Overall, not having enough to finance retirement is still their biggest concern, with Australians on average rating their level of concern at 55.0 points (53.0 in Q2) out of 100 (where 100 = extremely concerned).

Other key drivers included being unable to provide for their family's future (48.9), not having enough money for non-essentials such as holidays or eating out (47.4), not being able to meet the costs of their medical bills and healthcare (47.2), not having enough for home improvements or maintenance (46.8) or major household items (46.0) and not being able to raise \$2,000 if an emergency arose (44.6).

Australians were least worried about being unable to meet their minimum credit card repayments (35.0) or having enough money for food and basic necessities (38.1).

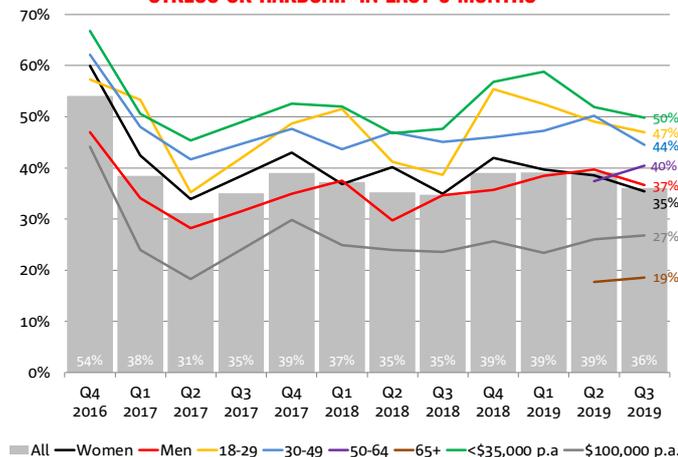
PART 3 - HOUSEHOLD FINANCIAL HARDSHIP

The number of Australians who experienced some form of financial stress or hardship in the past 3 months fell to 36% in Q3 2019 (39% in Q2), meaning over 1 in 3 people experienced some form stress. By gender, the number of men (37%) and women (35%) who experienced hardship fell a little, but remained a little higher for men.

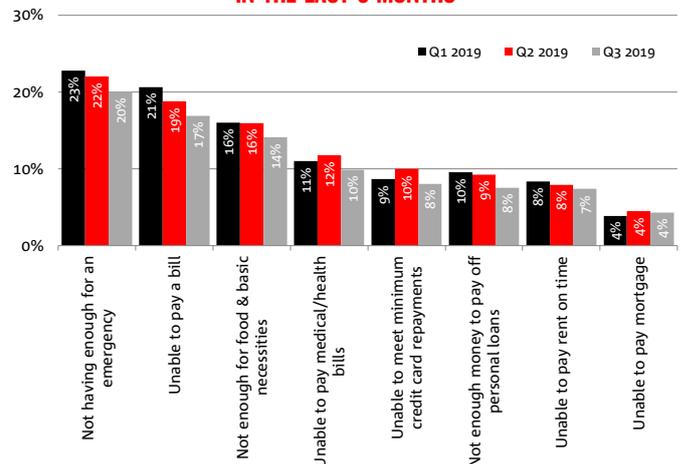
By age, the number of 30-49 year olds that experienced some hardship fell to 44% (50% in Q2). The number of young people aged 18-29 who experienced hardship also fell to 47% (49% in Q2), but they over took 30-49 year olds (47%) as the most impacted group. Fewer older Australians experienced financial stress or hardship than younger age groups, but the number that did climbed from 37% to 40% in the 50-65 age group and was also marginally higher in the over 65 age group (19% vs. 18% in Q2).

By income, the number of people in the lowest income group that experienced financial stress hardship in Q3 2019 fell to 50% (52% in Q2), but was still almost twice as high as the number of people impacted in the highest income group (27% in Q2).

NUMBER OF CONSUMERS THAT EXPERIENCED FINANCIAL STRESS OR HARDSHIP IN LAST 3 MONTHS



TYPE OF FINANCIAL STRESS OR HARDSHIP EXPERIENCED IN THE LAST 3 MONTHS



Not having enough money for an emergency was again the most frequently cited cause of financial stress or hardship, although the overall number of people who were impacted by this fell slightly to 20% in Q3 2019 (22% in Q2). However, this was a bigger problem for women than men in all age groups except the over 65s. It was most problematic for women aged 50-64 (27%) and 30-49 (26%).

Twice as many Australians in the lowest income band (29%) also said they were impacted by not having enough for an emergency than did those in the highest income groups (15%) - see table below.

Being unable to pay a bill was the next biggest cause of hardship, affecting 17% of all Australians. It also impacted a broadly similar number of women and men in all age groups, except in the 50-64 band, where somewhat more women (22%) were impacted than men (16%). It was also apparent that far fewer over 65s were unable to pay a bill than any other age group. By income, far fewer high income earners (13%) were also unable to pay a bill than low income earners (21%).

Not having enough for food and basic necessities impacted 14% of people overall, but notably more women men aged 18-29 (24%) than in any other age group. It also impacted twice as many low-income earners (22%) than high income earners (11%).

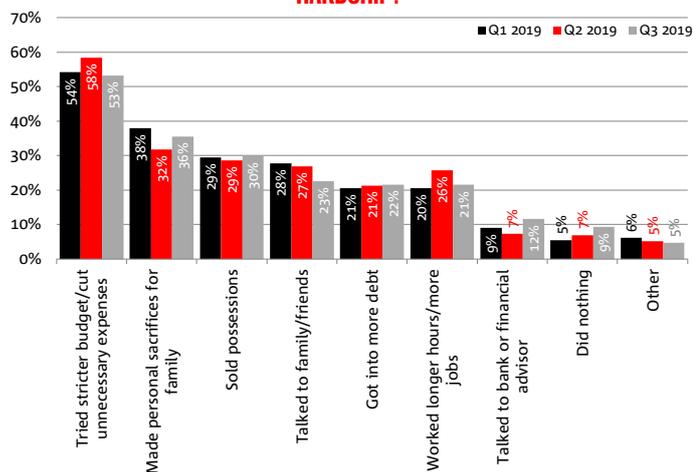
In other key findings, more young women (13%) and men (13%) in the 18-29 age group experienced hardship by not having enough money to pay off personal loans. Noticeably more young men were also unable to pay rent on time (16%) or their mortgage (10%) than other age groups.

While it was not surprising that more Australians in the lowest income band had experienced financial hardship in most areas than people in the highest income band, the difference was less pronounced when being unable to pay their medical or health bills (12% vs. 9%). Moreover, fewer low income earners (7%) said they had experienced financial stress or hardship from being unable to meet their minimum credit card repayments than did high income earners (9%).

TYPE OF FINANCIAL STRESS OR HARDSHIP EXPERIENCED IN LAST 3 MTHS: GENDER, AGE & INCOME

	AUSTRALIA A	Women 18-29	Women 30-49	Women 50-64	Women 65+	Men 18-29	Men 30-49	Men 50-64	Men 65+	<\$35,000 p.a.	\$100,000+ p.a.
Not having enough for an emergency	20%	24%	26%	27%	12%	21%	22%	17%	14%	29%	15%
Unable to pay a bill	17%	23%	23%	22%	5%	22%	21%	16%	7%	21%	13%
Not enough for food & basic necessities	14%	24%	20%	15%	5%	20%	18%	10%	4%	22%	11%
Unable to pay medical/health bills	10%	13%	14%	10%	5%	13%	13%	8%	3%	12%	9%
Unable to meet minimum credit card repayments	8%	9%	10%	7%	2%	12%	13%	8%	3%	7%	9%
Not enough money to pay off personal loans	8%	13%	9%	8%	2%	13%	9%	5%	3%	10%	5%
Unable to pay rent on time	7%	11%	9%	1%	1%	16%	13%	3%	2%	10%	6%
Unable to pay mortgage	4%	4%	6%	4%	0%	10%	7%	4%	0%	3%	7%

HOW DID YOU TRY AND MANAGE FINANCIAL STRESS OR HARDSHIP?



Just over 5 in 10 Australians (53%) who experienced financial hardship in the last 3 months tried to follow a stricter budget and cut out unnecessary expenses to try and manage it (58% in Q2).

Almost 4 in 10 (36%) made personal sacrifices for the family (up from 32% in Q2), while 3 in 10 (30%) sold possessions.

Another 23% talked over their worries with family or friends (27% in Q2) and 22% got into more debt (21% in Q2).

The number of people who said they worked longer hours or more jobs fell to 21% (26% in Q2), but more Australians (12%) tried to manage by talking to a bank or financial advisor (7% in Q2).

Around 1 in 10 (9%) people said they did nothing.

But there were also some interesting differences in how Australians who had experienced stress tried to manage it. Among some key differences, 7 in 10 (70%) women over the age of 65 tried stricter budgeting or cutting unnecessary expenses, far more than in any other age group.

More women aged 18-29 and 30-49 (almost 1 in 2) tried to make personal sacrifices, and far more women aged 18-29 (34%) talked to family and friends. Men aged 30-49 (26%) were the most likely to have gone into more debt, and young women (33%) and men (32%) most likely to have worked longer hours or more jobs.

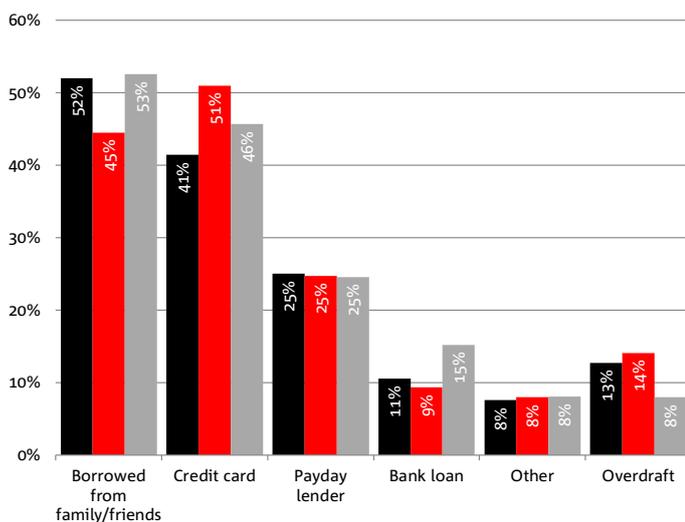
More men aged 18-29 (21%) and 30-49 (18%) said they had talked to a bank or financial advisor than any other age group, but more than twice as many men in the 50-64 and over 65 age bands (around 1 in 4) did nothing than did people in other age groups.

A lot more Australians in the highest income group made personal sacrifices for their family (42%), worked longer hours or more jobs (29%) or talked to a financial advisor (19%) than did people in the lowest income who were much more likely to have done nothing (12%).

HOW DID YOU TRY TO MANAGE FINANCIAL STRESS OR HARDSHIP?: GENDER, AGE & INCOME

	AUSTRALIAN A	Women 18-29	Women 30-49	Women 50-64	Women 65+	Men 18-29	Men 30-49	Men 50-64	Men 65+	<\$35,000 p.a.	\$100,000+ p.a.
Tried stricter budget/cut unnecessary expenses	53%	60%	58%	58%	70%	44%	47%	33%	53%	55%	56%
Made personal sacrifices for family	36%	49%	48%	19%	31%	31%	34%	15%	23%	28%	42%
Sold possessions	30%	33%	34%	25%	26%	32%	31%	34%	15%	28%	27%
Talked to family/friends	23%	34%	23%	24%	12%	25%	26%	0%	6%	18%	22%
Got into more debt	22%	21%	25%	15%	4%	22%	26%	15%	18%	21%	24%
Worked longer hours/more jobs	21%	33%	21%	12%	7%	32%	24%	9%	3%	11%	29%
Talked to bank or financial advisor	12%	2%	11%	9%	6%	21%	18%	0%	3%	4%	19%
Did nothing	9%	4%	7%	10%	5%	7%	10%	23%	24%	12%	7%
Other	5%	1%	5%	9%	5%	1%	6%	0%	7%	8%	3%

TYPE OF DEBT USED



Around 53% of Australians who went into more debt to try and manage their financial stress in Q3 2019 borrowed from family and friends. This was up from 45% in the previous quarter and overtook credit cards (46% and down from 51% in the previous quarter) as the most preferred option.

One in 4 people (25%) used a payday lender to manage their financial stress (unchanged from Q2).

The number who used a bank loan rose to 15% (9% in Q2), but the number using an overdraft facility fell to 8% (14% in Q2). Around 8% turned to 'other' means such as Centrelink loans or selling possessions.

The table below shows behaviours varying quite widely by age & gender, and by income levels.

Noticeably more men aged 30-49 - almost 2 in 3 (63%) - borrowed from family and friends whereas far more men aged 65+ used a credit card (73%), aged 18-29 turned to a payday lender (41%) or overdraft (23%) and men aged 50-64 a bank loan. Women aged 50-64 were most likely to turn to 'other' means. By income, more lower income earners (around 6 in 10) borrowed from family and friends, and more high-income earners used credit cards (58%). More people in the \$50-75,000 band used payday lenders (30%) and the \$75-100,000 group a bank loan (47%). More low-income groups used an overdraft or 'other' means.

TYPE OF DEBT USED TO MANAGE FINANCIAL STRESS: GENDER, AGE & INCOME

	AUSTRALIAN A	Women 18-29	Women 30-49	Women 50-64	Women 65+	Men 18-29	Men 30-49	Men 50-64	Men 65+	<\$35,000 p.a.	\$35-50,000 p.a.	\$50-75,000 p.a.	\$75-100,000	\$100,000+ p.a.
Borrowed from family/friends	53%	52%	53%	13%	44%	50%	63%	56%	51%	61%	59%	49%	49%	46%
Credit card	46%	53%	51%	56%	56%	25%	38%	56%	73%	31%	50%	37%	53%	58%
Payday lender	25%	26%	16%	7%	0%	41%	33%	0%	9%	24%	25%	30%	25%	25%
Bank loan	15%	15%	11%	15%	0%	33%	10%	44%	9%	8%	8%	16%	47%	13%
Other	8%	7%	10%	18%	0%	6%	6%	0%	8%	15%	6%	4%	0%	7%
Overdraft	8%	13%	6%	0%	0%	23%	2%	0%	9%	14%	0%	9%	12%	5%

We also asked these people why they made these choices. While some spoke of it being ‘faster, more convenient, cheaper or flexible’, many also spoke of having ‘no other choice’, being ashamed to lean on family and friends for help’ or ‘being rejected from banks.’ See table below for a selection of responses.

WHY DID YOU MAKE THIS CHOICE?

“Bank wouldn’t top up loan so I got a loan to fix vehicles from there”

“I had no other choice or option available.”

“I was too ashamed to ask family for money and didn't want to hear lectures.”

“I wanted to keep the issue private and deal with it myself. I didn't want anyone's help.”

“I didn’t know what else to do.”

“I have a bad credit rating, so this was my only option.”

“I tried to sell some possessions but was unable to find a buyer.”

“It was the easiest option and the fastest to access.”

“It was less rigid and can be handled flexibly.”

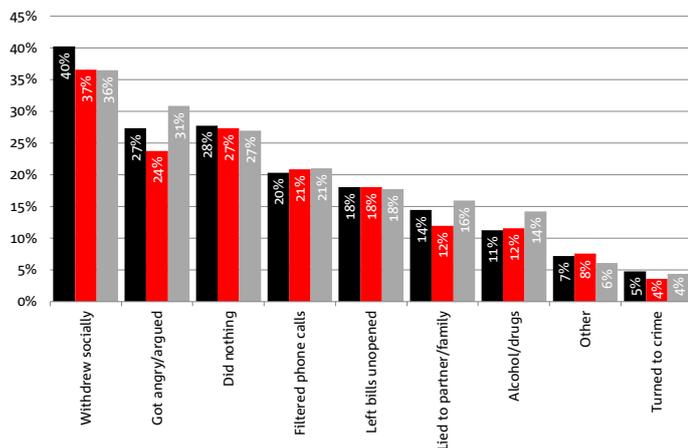
“The fees were lower.”

“Borrowing money from a friend doesn't come with interest.”

“Cash was available. We always over pay our mortgage so we need to draw down if something happens.”

“It was available to me. I applied for a personal loan but was rejected.”

HOW DID YOU TRY TO COPE WITH FINANCIAL STRESS?



Some people cope with financial stress by managing the problem directly - e.g. budgeting, selling possessions, learning to live on less, speaking to their bank etc. But for others, it can also take an emotional toll, and unhealthy coping behaviours which may add further to their stress.

Over 1 in 3 (36%) Australians who experienced financial stress or hardship in Q3 2019 tried to cope by withdrawing socially, while the number who got angry or argued rose to 31% (24% in Q2).

Around 2 in 10 people said they filtered their phone calls (21%) or left their bills unopened (18%), and 16% lied to family or friends. An alarm 14% turned to alcohol or drugs. Almost 3 in 10 (27%) did nothing.

HOW DID YOU TRY AND COPE WITH FINANCIAL STRESS?: GENDER, AGE & INCOME

	AUSTRALIA	Women 18-29	Women 30-49	Women 50-64	Women 65+	Men 18-29	Men 30-49	Men 50-64	Men 65+	<\$35,000 p.a.	\$35-50,000 p.a.	\$50-75,000 p.a.	\$75-100,000	\$100,000+ p.a.
Withdrew socially	36%	39%	36%	34%	48%	34%	42%	44%	18%	48%	31%	36%	25%	32%
Got angry/argued	31%	30%	35%	21%	17%	32%	41%	26%	13%	26%	31%	41%	26%	34%
Did nothing	27%	25%	26%	34%	36%	19%	21%	50%	45%	23%	29%	23%	30%	27%
Filtered phone calls	21%	24%	20%	15%	14%	18%	32%	17%	8%	19%	28%	20%	23%	22%
Left bills unopened	18%	24%	17%	16%	3%	22%	20%	9%	11%	13%	25%	22%	14%	20%
Lied to partner/family	16%	19%	14%	4%	6%	22%	22%	9%	8%	13%	20%	15%	20%	16%
Alcohol/drugs	14%	11%	13%	3%	3%	18%	24%	22%	6%	12%	11%	14%	16%	19%
Other	6%	3%	9%	10%	16%	1%	3%	0%	9%	10%	5%	6%	2%	5%
Turned to crime	4%	3%	1%	0%	0%	9%	10%	0%	0%	3%	1%	4%	9%	7%

How people cope emotionally can differ by gender & age and by income. For example, almost 1 in 2 women over 65 (48%) and people in the lowest income group tried to cope with their financial stress by withdrawing socially.

Over 4 in 10 men (41%) and people in the \$50-75,000 income band got angry or argued, while men aged 30-49 (32%) and people in the \$35-50,000 income band were much more likely to filter phone calls.

Young women aged 18-29 (19%) and men aged 18-29 (22%) and 30-49 (22%) were the most likely to have lied to their partner or family, while almost 1 in 4 men aged 30-49 (24%) and 50-64 (22%) turned to alcohol or drugs.

Around 1 in 10 men aged 18-39 or earning over \$75,000 who had experienced some financial stress or hardship in Q3 2019 said they had turned to crime to try and cope.

CONTACT THE AUTHORS

Dean Pearson
Head of Behavioural & Industry Economics
Dean.Pearson@nab.com.au
+613 8634 2331

Robert De lure
Associate Director Economics
Robert.De.lure@nab.com.au
+613 8634 4611

Brien McDonald
Associate Director Economics
Brien.McDonald@nab.com.au
+613 8634 3837

Important Notice

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances.

NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it.

Please click [here](#) to view our disclaimer and terms of use.