

# NAB FINANCIAL WELLBEING SURVEY

## INSIGHTS INTO HOUSEHOLD FINANCIAL STRESS AND HARDSHIP DURING COVID-19 & WHAT ARE THE KEY DRIVERS Q2 2021



*NAB Behavioural & Industry Economics*

August 2021

**HOUSEHOLD FINANCIAL STRESS UP ON RISING CONCERNS OVER MONTHLY HOUSEHOLD EXPENSES. GROWING ECONOMIC DIVIDE BETWEEN LOW & HIGH-INCOME EARNERS, JOBLESS & EMPLOYED. FEWER AUSTRALIANS BELIEVE NOW IS A GOOD TIME TO BUY A HOME.**

**Key Messages:** *This report explores financial stress (worry, fear and anxiety about our finances) and financial hardship (difficulty in meeting household living expenses and debts) in Australian households. The financial fallout of COVID-19 has been as challenging as the health risks, but the stress and hardship arising from the pandemic has not been the same for all Australians. The NAB Household Financial Stress Index lifted again in Q2 driven by rising concerns over food & necessities, utility bills, credit card repayments and other monthly household expenses. But, there is a growing economic divide as financial stress rose among lower income groups but fell for high income earners, with the gap now at its widest point since Q1 2020. This may in part reflect changing assistance measures and disproportionate impacts of lockdowns and other COVID restrictions on some in the community. Lower income earners were more concerned across all financial stress metrics. Stress also remains highest for the unemployed and for residents in NSW and VIC.*

*For some Australians, savings have gone up during the pandemic as there have been less opportunities to spend in some areas. In particular, higher income groups appear to have accumulated more savings than in previous years. For those in a lower income bracket, a drop in income has caused savings to decline and debt to rise. In Q2, in net balance terms, savings fell for 45% of low-income earners and debt rose for 10%. This compares to just 3% of high-income earners who saw their savings fall, while debt levels fell rather than rose for 19%. Loans from family and friends contribute most to debt stress, followed by pay day loans. The number of people who experienced some form of financial hardship also rose (for the third straight quarter), particularly among lower income earners and the unemployed. Financial hardship remains highest for Australians who lost their main source of income because of COVID. Not having enough money for an emergency is the most common cause of hardship. With house prices continuing to rise, the number of Australians who thought now was a good time to buy a home fell, along with intentions to buy over the next year. NAB will continue to closely monitor any changes in financial stress and hardship, particularly as lockdown continues in NSW. Financial stress can impact mental health by creating anxiety and uncertainty in people's lives. This can create a vicious cycle impacting their ability to take action to improve their financial wellbeing.*

Financial issues are among the top causes of stress for Australians. The **NAB Household Financial Stress Index** rose again in Q2 (43.5 pts vs. 42.2 in Q1), for the second straight quarter driven by rising concerns over food & basic necessities, utility bills, credit card repayments and other monthly household expenses (insurances, car running costs, public transport etc.). Not having enough to finance retirement remains the number one driver of financial stress, also up in Q2. NAB's index is derived from how anxious Australians feel across 14 key household financial pressure points.

Financial stress rose for lower income earners (up 4.6 pts to 52.5) but fell for higher income earners (down 0.9 pts to 37.4), with the gap now at its widest since Q1 2020. Lower income earners were more concerned about all financial stress metrics, especially raising \$2,000 for an emergency (56.1 pts lower income; 34.2 pts higher income); major household items (56.5 vs. 37.4); monthly utility bills (52.1 vs. 33.9) and not having enough for food & basic necessities (47.4 pts vs. 29.4 pts). Financial stress rose for women (44.3 pts) but was unchanged for men (42.7 pts). By age, financial stress increased noticeably in the 30-49 age group (up 3.4 pts to 50.4). It remains highest for the unemployed (62.1 pts), particularly financing retirement (71.4 pts) and the ability to raise \$2,000 in an emergency (69.7 pts). Financial stress was highest in NSW (45.9 pts) and VIC (44.1 pts) and lowest in TAS (up however 6.7 pts to 39.0) and WA (39.6 pts). NSW recorded the highest levels of financial stress for all measures, except mortgage, rents & housing costs which was highest in VIC, and financing retirement (highest in QLD).

While almost 8 in 10 Australians reported trying to save in Q2 (9 in 10 among 18-29-year olds), nearly 1 in 2 saw their savings fall. Stress related to savings was noticeably higher in the under 50 age groups. That said, more Australians are optimistic that their income will increase over the next 12 months.

Fewer Australians made inroads into reducing their household debt levels in Q2. Credit card debt is still the most widely held, rising to a survey high 57% of all Australians (significantly up on Q1 at 41%). Home loans held rose slightly (44% vs. 41% in Q1) and was the most common debt held among 30-49 (62%) and 18-29 (37%) year olds. Around 22% of Australians overall had a personal loan (16% in Q1), rising to 32% of 18-29-year olds.

The number of Australians with BNPL loans also increased (21% vs. 18% in Q1), rising to 38% of 18-29-year olds. Around 17% of Australians had a loan from family or friends, reaching 34% among 18-29-year olds. Around 13% overall had an investment loan and 6% a loan from a pay day lender, but almost doubling (11%) in the 18-29 age group.

In terms of debt stress, loans from family and friends (59.5 pts) replaced pay day loans (57.7 pts) as the top concern, followed by personal loans (55.4 pts), and home loans (47.1 pts). Despite an uptick in the share of the population holding credit card debt, stress remains lowest for credit cards (43.6 pts), followed by investment loans (46.6 pts) and BNPL loans (46.3 pts). Men reported much higher levels of stress for payday loans (59.3 pts vs. 55.8 pts), investment loans (49.3 pts vs. 42.3 pts) and BNPL loans (48.5 pts vs. 44.4 pts), while women are more concerned about credit card debt (45.7 pts vs. 41.8 pts). By age, loans from family and friends (63.5 pts), pay day loans (68.2 pts), personal loans (62.0 pts) and home loans (51.8 pts) caused the highest stress in the 30-49 group, and investment loans (55.8 pts), BNPL (52.2 pts) and credit cards (56.8 pts) in the 18-29 group.

With house prices continuing to rise, the number of Australians who thought now was a good time to buy a home fell to just 29% in Q2 (40% in Q1) and an investment property to 25% (31% in Q1). Residents of WA (36%) and SA (35%) were the most optimistic about buying a home, with SA (28%) leading the way for investment property. Although house prices are expected to slow over the next year, the number of Australians who said they intend to buy a home in the next 12 months fell slightly to 13% (15% in Q1), with intentions for investment property unchanged at 9%. Home buying intentions are highest in NSW (15%), just ahead of WA (14%) and the ACT (14%). Intentions for buying investment property are strongest in the ACT (13%).

People can experience financial stress without experiencing **financial hardship** (difficulty in meeting household living expenses and debts). NAB's Financial Wellbeing Survey also identifies those who have struggled financially through 8 key metrics: not having enough money for an emergency; to pay a bill; for food & basics; to pay personal loans; for medical/health bills; to meet minimum credit card repayments; paying rent; and mortgages). If any of these triggers are met, NAB counts these people as in "financial hardship".

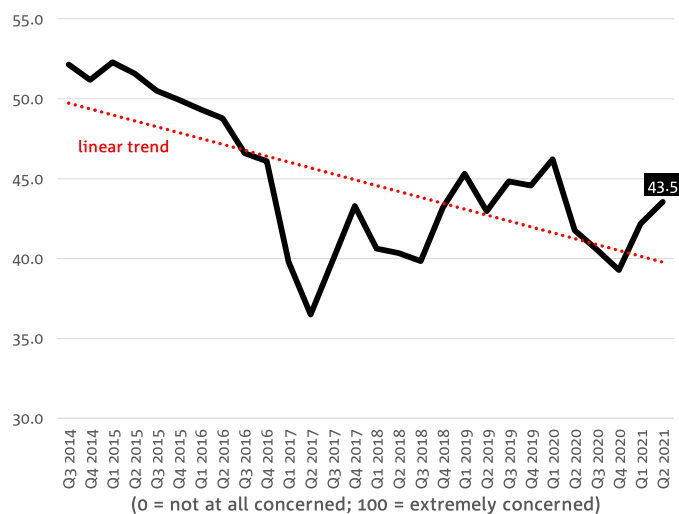
In Q2, the number of people who experienced some form of financial hardship in the past 3 months rose for the third straight quarter (38% vs. 35% in Q1 & 33% same time last year). On balance, the share of women who experienced hardship rose noticeably to 40% (34% in Q1), but was broadly unchanged for men (36%). Hardship rose to over 1 in 2 (52%) people in the 18-29 group (49%) in Q2, 47% in the 30-49 group (41% in Q1) and 20% for those aged 65+ (16% in Q1). Hardship also rose sharply among lower income earners (52% vs. 42% in Q1), and the unemployed (62% vs. 48% in Q1). Financial hardship remains highest for Australians who lost their main source of income because of COVID (70%).

Not having enough money for an emergency is the most common cause of financial hardship, impacting 1 in 5 (20%) Australians in Q2 (17% in Q1), and even more so among 18-29 year olds (28%), low income earners (30%), people who lost their main income because of COVID (34%) and the unemployed (42%). Being unable to pay a bill was the next biggest cause, affecting 16% overall, followed by not having enough for food or necessities (14%). Around 3 in 10 people who lost their income to COVID, were unemployed or 18-29 struggled to pay a bill on time, with 36% of unemployed people also not having enough for food & necessities.

What debt options did Australians experiencing financial hardship use to try and manage this? In Q2, loans from family and friends (39%) overtook credit cards (33%) as the most widely used option, with noticeably more people using this as a resort than in the previous quarter (32%). Significantly more women (42% vs. 35% men) borrowed from family & friends, while more men used credit cards (40% vs. 27% women), bank loans (20% vs. 7% women), or went into overdraft (11% vs. 6% women). By age, noticeably more young people (18-29) borrowed from family & friends (52%) or used an overdraft (14%). Considerably more low-income earners also leaned on family and friends for help (42%), while higher income earners relied more on credit cards (39%), bank loans (18%) and overdrafts (9%). Around 1 in 2 (50%) unemployed people leaned on family and friends and 1 in 4 (26%) used credit cards. Over 4 in 10 (43%) people who had lost their main source of income due to COVID also leant on family and friends. This group were also the most likely to have also used a bank loan (21%) or overdraft (18%) to manage.

## NAB HOUSEHOLD FINANCIAL STRESS INDEX

### NAB FINANCIAL STRESS INDEX: OVERALL



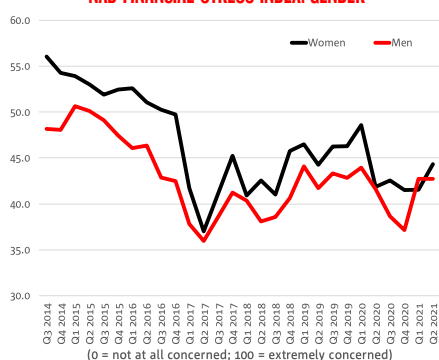
Anxiety is the biggest detractor from overall emotional wellbeing and financial stress is a key contributing cause. The **NAB Household Financial Stress Index** looks at the role our finances have on our wellbeing. This comprehensive measure of financial anxiety is derived from a number of key potential household pressures (including meeting the costs of healthcare, mortgage repayments, rent, credit cards, education, food & basic necessities, utility bills, insurances, holidays, entertainment, unexpected expenses, financing retirement, major household items, home improvements & maintenance).

In Q2 2021, the NAB Household Financial Stress Index rose for the second consecutive quarter to 43.5 pts, up from 42.2 pts in the previous quarter and 41.8 pts at the same time last year. However, the index is still below the survey average (44.8 pts).

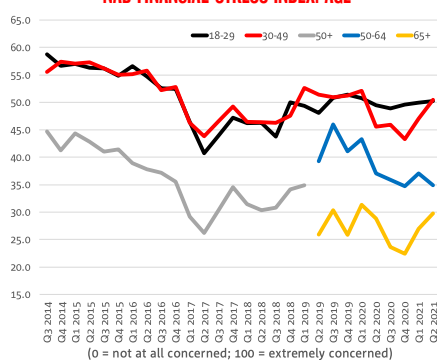
Australians reported higher stress over all components of the index in Q2, except mortgage, rent and housing costs, their children's education and non-essentials which were unchanged. Household stress levels for all other components of the index increased, led by food and basic necessities (up 3.3 pts to 36.5), normal monthly utility bills (up 2.7 pts to 40.9), credit card repayments (up 2.5 pts to 34.6) and other monthly household expenses such as insurances, car running costs, public transport etc. (up 2.0 pts to 41.3)

Not having enough to finance retirement continues to be the number one driver of financial stress, with the level of concern also rising in Q2 (up 0.9 pts to 55.2). This was considerably higher than the next biggest drivers of financial stress - not being able to provide for our family's future (up 1.5 pts to 48.0), home improvements & maintenance (up 1.2 pts to 46.0), and not being able to meet the cost of medical bills and healthcare costs (up 1.7 pts to 45.3).

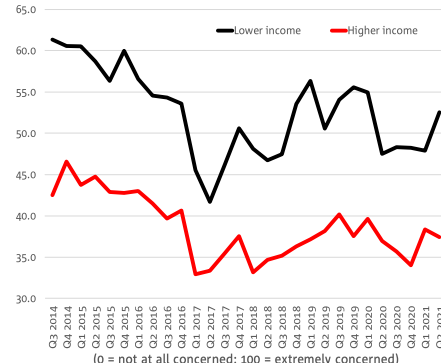
### NAB FINANCIAL STRESS INDEX: GENDER



### NAB FINANCIAL STRESS INDEX: AGE



### NAB FINANCIAL STRESS INDEX: LOWER/HIGHER INCOME



Women reported higher levels of financial stress in Q2 (up 2.8 pts to 44.3 pts), but it was unchanged for men (42.7 pts). As a result, stress levels for women were higher than men after having reported lower stress in the previous quarter for the first time since NAB started tracking this in early-2014. Women reported higher stress levels for all measures, led by credit card repayments (up 5.6 pts to 34.4 pts), food & basic necessities (up 5.6 pts to 37.1 pts) and normal monthly utility bills (up 4.4 pts to 42.1 pts). Relative to men, women also reported much higher of stress levels over their ability to raise \$2,000 for an emergency (women 45.8 pts; men 40.4 pts) and their ability to fund retirement (women 57.0 pts; men 53.4 pts).

By age, stress fell in the 50-64 age group (down 2.2 pts to 34.9) in Q2. It increased noticeably in the 30-49 age group (up 3.4 pts to 50.4) and the over 65 group (up 2.8 pts to 29.8), with a modest increase also reported in the 18-29 group (up 0.3 pts to 50.3). The results continue to point to a significant financial stress gap between Australians under the age of 50 and those over the age of 50.

Financial stress was highest in the 18-29 age group for nearly all drivers, except being able to finance retirement, non-essential spending and home improvements and maintenance which caused the highest stress in the 30-49 age group. At the other end of the spectrum, the over 65 age group reported the lowest stress for all categories - see table.

Financial stress increased in lower income groups (up 4.6 pts to 52.5) but fell for higher income earners (down 0.9 pts to 37.4). As a result, the gap between lower and higher income earners widened to 15.1 pts) - the biggest gap since Q1 2020. Lower income earners were more stressed for all metrics, especially raising \$2,000 for an emergency (56.1 pts low income; 34.2 pts high income); major household items (56.5 pts low income; 37.4 pts high income); normal monthly utility bills (52.1 pts low income; 33.9 pts high income) and not having enough for food & basic necessities (47.4 pts low income; 29.4 pts in high income).

Financial stress was highest for unemployed Australians at 62.1 pts, with this group also reporting the highest stress for all measures, particularly financing their retirement (71.4 pts) and ability to raise \$2,000 if an emergency arose within the next month (69.7 pts) - see table below. Financial stress increased in all states in Q2, except for SA/NT where it was unchanged. Stress was reportedly highest in NSW (up 2.3 pts to 45.9) and VIC (up 1.3 pts to 44.1) and lowest in TAS (where it also increased most by 6.7 pts to 39.0 pts) and WA (up 0.3 pts to 39.6 pts) - see charts in Appendix 1 for historical timeseries by state.

### NAB HOUSEHOLD FINANCIAL STRESS INDEX (100 = extremely concerned)

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
<b>NAB Financial Stress Index</b>	<b>41.8</b>	<b>40.6</b>	<b>39.3</b>	<b>42.2</b>	<b>43.5</b>
- NSW/ACT	43.9	43.2	41.3	43.7	45.9
- VIC	41.8	43.5	39.1	42.9	44.1
- QLD	40.9	36.0	37.7	41.4	41.9
- WA	41.1	38.8	38.2	39.3	39.6
- SA/NT	37.1	34.1	37.9	41.8	41.8
- TAS	35.2	34.6	33.6	32.3	39.0
- Women	41.9	42.6	41.5	41.5	44.3
- Men	41.6	38.6	37.1	42.8	42.7
- Age 18-29	49.4	48.9	49.6	49.9	50.3
- Age 30-49	45.6	45.9	43.2	47.1	50.4
- Age 50-64	37.2	35.9	34.8	37.1	34.9
- Age 65+	28.9	23.7	22.5	26.9	29.8
- Lower income (<\$35,000 p.a.)	47.5	48.3	48.2	47.9	52.5
- Higher income (\$100,000+ p.a.)	36.9	35.7	34.0	38.4	37.4

### NAB HOUSEHOLD FINANCIAL STRESS INDEX: GENDER, AGE & INCOME (Q2 2021)

	All	Women	Men	18-29	30-49	50-64	65+	Low income	High income	Unemp
Financing retirement	55.2	57.0	53.4	55.4	62.2	54.6	43.3	63.0	51.1	71.4
Providing for family's future	48.0	48.7	47.3	56.1	55.2	39.1	31.1	54.7	43.9	63.1
Non-essentials	46.0	47.5	44.4	51.2	52.6	39.4	35.3	56.6	40.7	61.2
Home improvement/maint.	45.3	46.2	44.4	49.1	52.2	40.5	34.6	54.0	38.7	61.7
Children's education	45.2	45.8	44.6	52.1	51.9	37.6	34.0	53.6	40.9	59.7
Medical bills/healthcare	44.3	46.0	42.7	51.1	50.8	37.7	33.1	56.5	37.4	62.1
Major household items	43.8	41.8	45.5	51.6	51.2	22.0	13.0	46.9	39.0	62.5
Personal loan repayments	43.5	43.3	43.6	50.2	49.7	31.9	29.8	53.7	36.4	65.0
Raising \$2,000 for emergency	43.1	45.8	40.4	52.6	50.2	34.4	30.2	56.1	34.2	69.7
Mortgage, rent, housing	41.6	42.0	41.3	48.4	48.2	31.7	27.3	48.0	35.1	55.1
Other monthly h/hold exp.	41.3	42.6	40.0	49.4	47.8	33.4	29.9	52.1	34.8	60.9
Normal monthly utility bills	40.9	42.1	39.7	48.8	47.8	33.0	29.1	52.1	33.9	61.3
Food/basic necessities	36.5	37.1	36.0	44.2	43.9	28.0	25.0	47.4	29.4	58.8
Credit card repayments	34.6	34.4	34.8	43.7	42.7	25.3	21.1	40.9	28.8	56.6
<b>NAB Financial Stress Index</b>	<b>43.5</b>	<b>44.3</b>	<b>42.7</b>	<b>50.3</b>	<b>50.4</b>	<b>34.9</b>	<b>29.8</b>	<b>52.5</b>	<b>37.4</b>	<b>62.1</b>



Not only did Australians living in NSW/ACT have the highest levels of financial stress, they also rated all measures highest, except mortgage, rents and housing costs which was highest in VIC, and financing retirement which was highest in QLD. Not having enough to finance retirement caused the most financial stress in all states - and by a large margin. Not being able to meet minimum credit card repayments caused the least stress in all states except TAS where stress rated lowest for children's education - see table below for full detail.

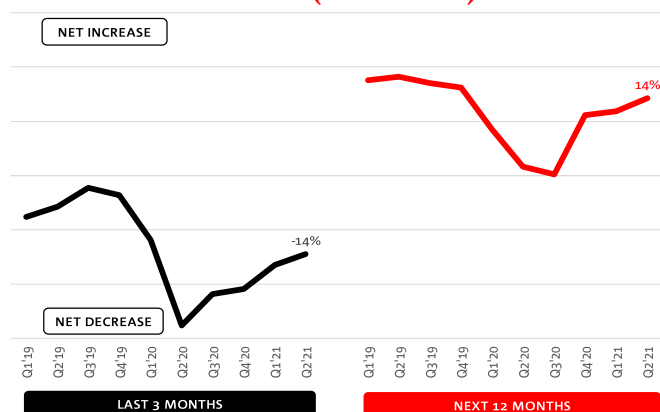
## NAB HOUSEHOLD FINANCIAL STRESS INDEX: STATE (Q2 2021)

	AUS	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Medical bills/healthcare	45.3	49.0	45.4	43.9	40.1	41.0	41.9
Mortgage, rent, housing costs	41.6	44.0	44.4	37.7	39.4	37.5	35.1
Credit card repayments	34.6	37.8	35.0	32.2	28.7	34.1	31.9
Personal loan repayments	43.5	46.0	44.3	41.7	37.5	45.1	29.7
Children's education	43.8	46.9	45.3	38.9	41.5	41.7	32.7
Food/basic necessities	36.5	38.5	37.6	34.0	32.1	37.4	35.7
Normal monthly utility bills	40.9	43.3	41.6	38.5	36.8	40.1	40.4
Non-essentials	45.2	46.8	45.1	45.7	40.7	43.7	46.5
Raising \$2,000 in an emergency	43.1	44.6	43.3	43.2	37.6	43.7	39.6
Financing retirement	55.2	56.3	54.3	57.6	55.9	49.3	48.0
Providing for family's future	48.0	51.4	47.0	47.1	42.0	48.2	41.6
Other monthly h/hold expenses	41.3	43.9	42.2	39.1	36.5	38.8	42.0
Major household items	44.3	46.5	45.2	42.6	41.8	42.2	38.3
Home imp. & maintenance	46.0	48.3	46.9	43.8	43.4	42.5	42.6
<b>NAB Household Financial Stress Index</b>	<b>43.5</b>	<b>45.9</b>	<b>44.1</b>	<b>41.9</b>	<b>39.6</b>	<b>41.8</b>	<b>39.0</b>

## THE IMPACT OF INCOME, SAVINGS & DEBT

The labour market recovery continues at a faster-than-expected pace. The unemployment rate declined again in June to 4.9% - its lowest level in over 10 years while resident employment is 1.2% above its pre-COVID-19 level. Other indicators point to strong labour demand - job vacancies are around 60% above pre-COVID levels and the NAB Business Survey employment measure is also high. Against this background, the net number of Australians who reported a decrease in their income level in the last 3 months improved to -14% (-16% in Q1 and -28% at the same time last year). Improvement was more pronounced for men and ranged from -12% in the over 65 group to -21% in the 18-29 group. By income, the situation worsened slightly in the lowest income group to -20% (-19% in Q1) but improved in the highest income group to -5% (-7% in Q1). Clearly the impact on income remains much bigger in lower income groups. More Australians also expect their income to increase over the next 12 months than decrease (+14%), up from +11% in Q1, and significantly better than in Q2 2020 (+2%). Men (+15%) are slightly more optimistic about the future than women (+13%), but by age optimism ranged from +27% in the 18-29 group to just +2% in the over 65 group. High income earners (+26%) are significantly more optimistic than low income earners (+1%).

### WHAT HAPPENED/WILL HAPPEN TO YOUR LEVEL OF INCOME (NET BALANCE)

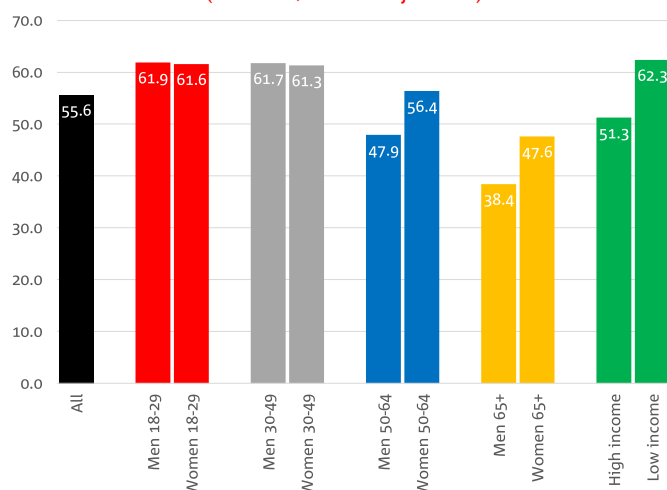


### WHAT HAPPENED/WILL HAPPEN TO YOUR LEVEL OF INCOME (NET BALANCE)

	Last 3 months	Next 12 months
<b>Overall</b>	<b>-14%</b>	<b>14%</b>
Women	-19%	13%
Men	-10%	15%
Age 18-29	-21%	27%
Age 30-49	-13%	20%
Age 50-64	-12%	3%
Age 65+	-12%	2%
Low income	-20%	1%
High income	-5%	26%

## LEVEL OF CONCERN OVER YOUR INCOME

(0 = not at all; 100 = extremely concerned)

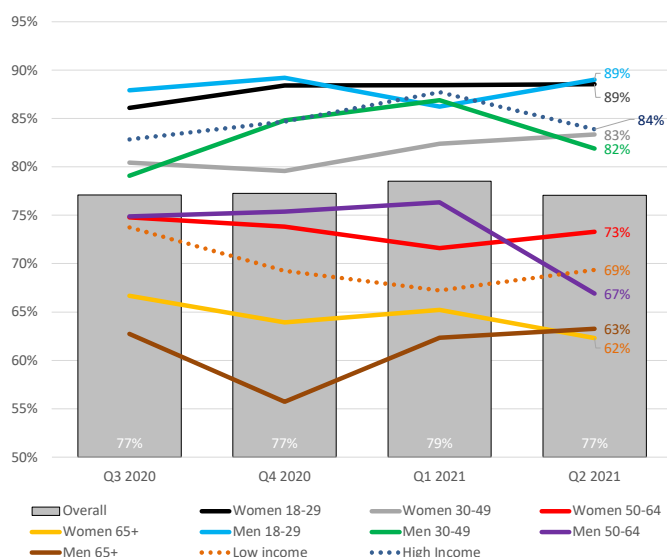


For the first time, Australians were also asked to rate their level of concern or stress over their income. Overall, they rated their stress at “moderate” levels scoring on average 55.6 pts out of 100 (where 100 signals extremely concerned).

Stress was however higher in under 50 age groups and at broadly similar levels between the 18-29 and 30-49 age groups and across women and men in both age groups. In the 50-64 age group, women reported significantly higher levels of stress (56.4 pts) than did men (47.9 pts). Income stress was lowest in the over 65 group, but again much higher for women (47.6 pts) than men (38.4 pts).

The lowest income earners (less than \$35,000 p.a.) reported much higher level of concern (62.3 pts) than high income (over \$100,000 p.a.) earners (51.3 pts).

## PERCENTAGE OF AUSTRALIANS TRYING TO SAVE

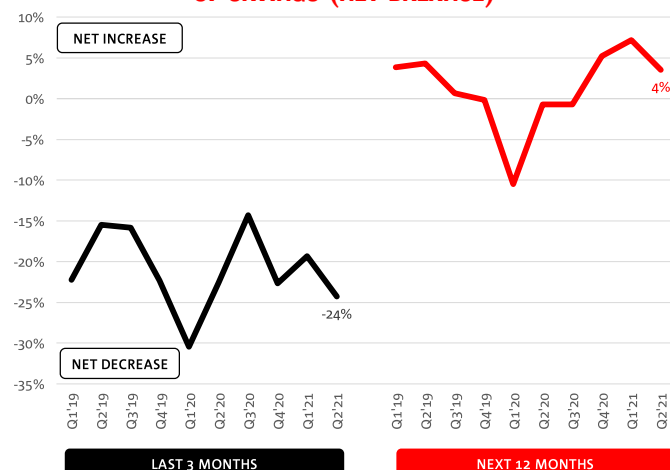


The importance of savings to the Australian psyche was again underlined in NAB's survey results, with the Q2 survey confirming almost 8 in 10 (77%) Australians trying to save in Q2, though this was down slightly from 79% in the previous quarter.

Savings aspirations were strongest in the 18-29 age group, with 9 in 10 (89%) women and men in this group trying to save. Aspirations were also broadly similar in the 30-49 group (83% women; 82% men), though the number of men trying to save in this age group was down from 87% in the previous quarter. A similar pattern was evident in the 50-64 group where savings intentions fell heavily for men to 67% (76% in Q1). They were also overtaken by women where intentions lifted slightly to 73%. In the over 65 group, the opposite occurred with the number of men trying to save up slightly to 63%, and the share of women doing so down slightly to 62%.

Aspirations improved in the lowest income group to 69% (67% in Q1) but fell slightly in the highest income group to 84% (88% in Q1). Savings aspirations however remain much larger in the higher income group.

## WHAT HAPPENED/WILL HAPPEN TO YOUR LEVEL OF SAVINGS (NET BALANCE)



## WHAT HAPPENED/WILL HAPPEN TO YOUR LEVEL OF SAVINGS (NET BALANCE)

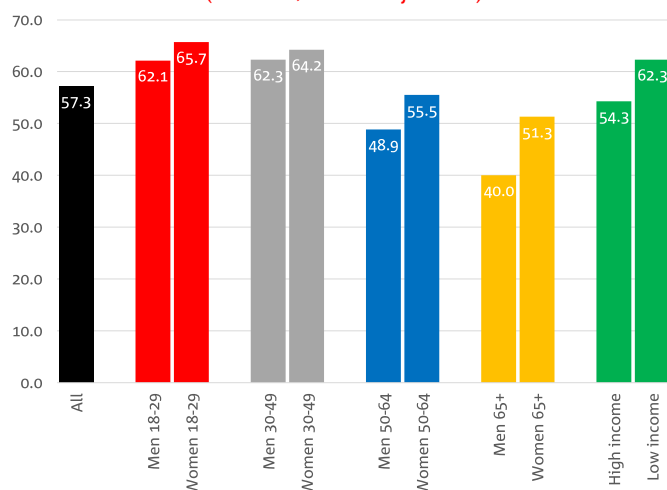
	Last 3 months	Next 12 months
Overall	-24%	4%
Women	-36%	0%
Men	-13%	7%
Age 18-29	-25%	27%
Age 30-49	-22%	11%
Age 50-64	-22%	-10%
Age 65+	-30%	-18%
Low income	-45%	-25%
High income	-3%	28%

Despite trying to save, more Australians saw their level of savings fall than increase in Q2. Moreover, the net number of Australians who reported a decrease in their savings increased to -24% (-19% in Q1). Despite almost 8 in 10 people wanting to save, nearly 1 in 2 (47%) said their savings had fallen in the past 3 months (and 1 in 2 substantially). By gender, the number of women who reported a decrease in savings rose to -36% (-25% in Q1) but was unchanged for men at -13%. By age, the net number who reported a decrease in their savings in the last 3 months ranged from -30% in the over 65 group to -22% in the 30-49 and 50-64 groups. By income, a net -45% in the lowest income groups said their savings had fallen, compared to just -3% in the highest income group.

Australians were also slightly less optimistic about the future, with the net number expecting their savings to increase falling to +4% (+7% in Q1). Expectations among men were a little weaker at +7% (+10% in Q1) and weaker for women at 0% (+5% in Q1). Noticeably more Australians under the age of 50 expect their savings to increase (led by the 18-29 group at +2), but more people over 50 expect their savings to fall - particularly in the over 65 age group (-18%). Looking ahead, more low-income earners expect their savings to decrease (-25%), whereas more higher income earners expect it to increase (+28%).

### LEVEL OF CONCERN OVER YOUR SAVINGS

(0 = not at all; 100 = extremely concerned)



For the first time, Australians were also asked to rate their level of concern or stress over their level of savings.

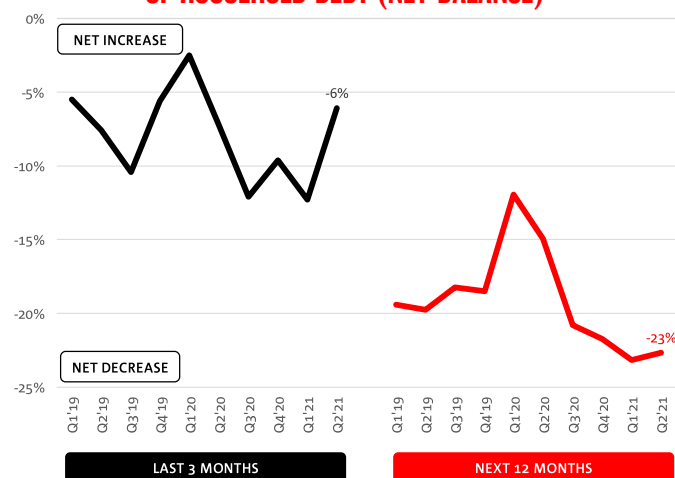
Overall, they rated their stress at “moderate” levels scoring on average 57.3 pts. This was slightly higher than for income stress (55.6 pts).

Stress was noticeably higher in the under 50 age groups, with women reporting slightly higher stress than men in the 18-29 (women 65.7 pts; men 62.1 pts) and in the 30-49 group (women 64.2 pts; men 62.3 pts).

Men and women over the age of 50 reported much lower stress over their savings. Women in these age groups however reported much higher stress than men in both 50-64 group (women 55.5 pts; men 48.9 pts) and over 65 group (women 51.3 pts; men 40.0 pts).

Savings stress was considerably higher in the lowest income group (62.3 pts) when compared to the highest income group (54.3 pts).

### WHAT HAPPENED/WILL HAPPEN TO YOUR LEVEL OF HOUSEHOLD DEBT (NET BALANCE)

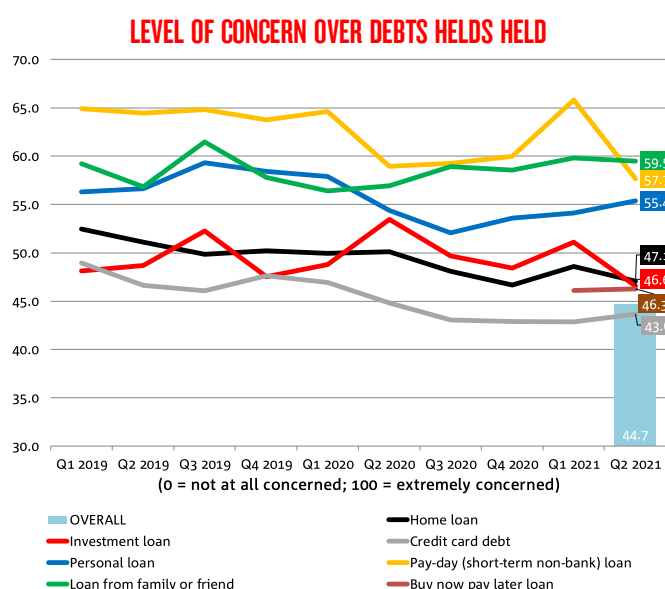
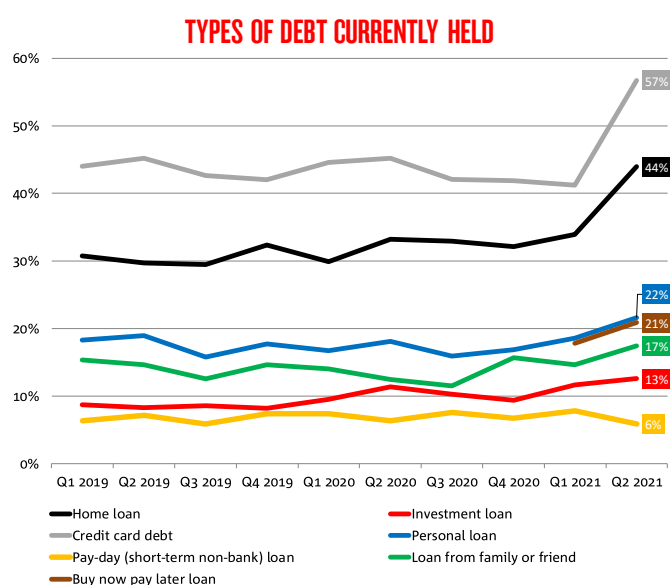


### WHAT HAPPENED/WILL HAPPEN TO YOUR LEVEL OF HOUSEHOLD DEBT (NET BALANCE)

	Last 3 months	Next 12 months
Overall	-6%	-23%
Women	-3%	-22%
Men	-9%	-23%
Age 18-29	-2%	-27%
Age 30-49	-5%	-22%
Age 50-64	-14%	-27%
Age 65+	-4%	-15%
Low income	10%	-4%
High income	-19%	-34%

Fewer Australians also made inroads into reducing household debt levels in Q2. When asked how it had changed over the past 3 months, in net terms more people still said it decreased than increased (-6%) - i.e. the number who said it decreased out-weighed the number who said it increased - but that was down from -12% in the previous quarter and approaching levels last seen mid-last year. Slightly more women (-3%) reported making inroads into reducing household debt levels over the past 3 months but this was well down from -16% in Q1. The number of men making inroads was unchanged at -9%. We also noted declines in the net number of people in all age groups who said that their debt levels had increased, except in the 50-64 group where it increased slightly to -14% (-13% in Q1). By income, a net +10% of people in the lowest income groups indicated that their debt levels had increased in Q2, but in contrast -19% in the high-income group said their debt levels had fallen.

When asked what they expect to happen to their level of debt in the next 12 months, the net number who expected to see it fall was unchanged at -23%. The survey revealed little difference in expectations between women (-22%) and men (-23%). However, relative to expectations last quarter we noted an increase in the net number of Australians expecting to reduce their debt levels relative to the previous quarter in all age groups, except the 30-49 group (unchanged). While the number of Australians in the lowest income group who expect their debt levels to fall in the next 12 months outweighs those expecting their debt levels to climb (-4%), this remains well below expectations in the highest income group.



In this section, we look at the types of debt currently held by Australians, and the level of stress each of these debts cause them.

Credit card debt is still the most widely held form of debt, with the overall number of people holding this debt rising sharply in Q2 to a survey high 57%, from a survey low 41% in Q1. The number of men holding credit card debt reached 60% in Q2 (47% in Q1) and 53% for women (35% in Q1). By age, there was a large increase in the number of people in the over 65 group holding credit card debt to 78% (42% in Q1). The number holding credit card debt also rose in all other age groups, with a particularly large jump also recorded in the 50-64 group to 66% (43% in Q1). Credit card debt holdings were the same for low and high-income earners (53%).

The number with home loans increased slightly to 44% (41% in Q1) and it was the most common type of debt held in the 30-49 (62%) and 18-29 (37%) age groups. It was also 3 times more common for high income earners (64%) than low income earners (20%). Around 22% overall had a personal loan (16% in Q1), with this type of debt most common in the 18-29 (32%) and 30-49 age groups (29%).

The number of Australians with BNPL loans increased to 21% (18% in Q1) and was slightly more common for women (22%) than men (20%). By age, it was noticeably higher in the 18-29 (38%) and 30-49 (24%) groups than in the 50-64 (12%) and over 65 group (6%)

Overall, 17% of all Australians indicated they had a loan from family or friends, but this doubled in the 18-29 group (34%). Around 13% had an investment loan, but more men (16%) than women (10%), with the 30-49 group the biggest holder by age (17%). Only 6% overall had loans from a pay day lender, but this almost doubled to 11% in the 19-29 age group.



## TYPE OF DEBTS HELD: GENDER & AGE

	All	Women	Men	18-29	30-49	50-64	65+
Credit card debt	57%	53%	60%	36%	51%	66%	78%
Home loan	44%	44%	44%	37%	62%	45%	19%
Personal loan	22%	21%	22%	32%	29%	12%	8%
Buy now pay later loan (BNPL)	21%	22%	20%	38%	24%	12%	6%
Loan from family or friend	17%	16%	18%	34%	20%	9%	5%
Investment loan	13%	10%	16%	11%	17%	14%	5%
Pay-day (short-term non-bank) loan	6%	5%	6%	11%	8%	2%	2%

For the first time Australians were asked to rate their level of concern or stress from their overall level of debt. On average, they scored 44.7 pts out of 100. This was well below the level of stress associated with their savings (57.3 pts) or income (55.6 pts). Women (45.8 pts) reported higher stress levels than men (43.6 pts). By age, the 18-29 group (52.2 pts) reported much higher levels of stress than any other age group.

Individually, loans from family and friends (59.5 pts) replaced pay day loans (57.7 pts) for generating the most stress. Personal loans were the next biggest driver of debt stress (55.4 pts), followed by home loans (47.1 pts). Despite being the most commonly held type of debt, stress was lowest for credit card debt (43.6 pts), followed by investment loans (46.6 pts) and BNPL loans (46.3 pts).

The table below highlights some key differences by gender. Men reported much higher levels of stress than did women for payday loans (59.3 pts vs. 55.8 pts), investment loans (49.3 pts vs. 42.3 pts) and BNPL loans (48.5 vs. 44.4 pts). Women however were more concerned about credit card debt (45.7 pts vs. 41.8 pts).

By age, loans from family and friends (63.5 pts), pay day loans (68.2 pts), personal loans (62.0 pts) and home loans (51.8 pts) caused the highest stress in the 30-49 group, and investment loans (55.8 pts), BNPL (52.2 pts) and credit cards (56.8 pts) in the 18-29 group.

## LEVEL OF CONCERN OVER DEBTS HELD: GENDER & AGE

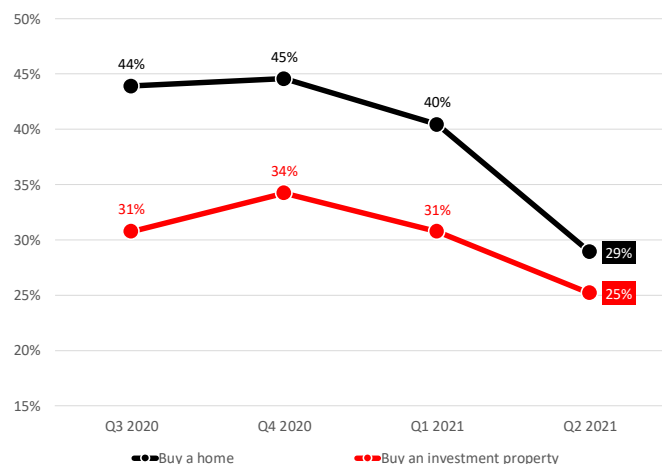
	All	Women	Men	18-29	30-49	50-64	65+
Loan from family or friend	59.5	59.5	59.5	55.8	63.5	61.6	55.1
Pay-day (short-term non-bank) loan	57.7	55.8	59.3	48.9	68.2	52.8	37.7
Personal loan	55.4	54.8	56.0	52.8	62.0	46.6	39.4
Home loan	47.1	46.4	47.8	48.9	51.8	39.8	35.3
Investment loan	46.6	42.3	49.3	55.8	54.4	31.7	17.9
Buy now pay later loan	46.3	44.4	48.5	52.2	43.9	44.7	27.8
Credit card debt	43.6	45.7	41.8	56.8	55.5	35.7	31.2
Overall Level of Debt	44.7	45.8	43.6	52.2	43.9	44.7	27.8

## ATTITUDES TO BUYING PROPERTY

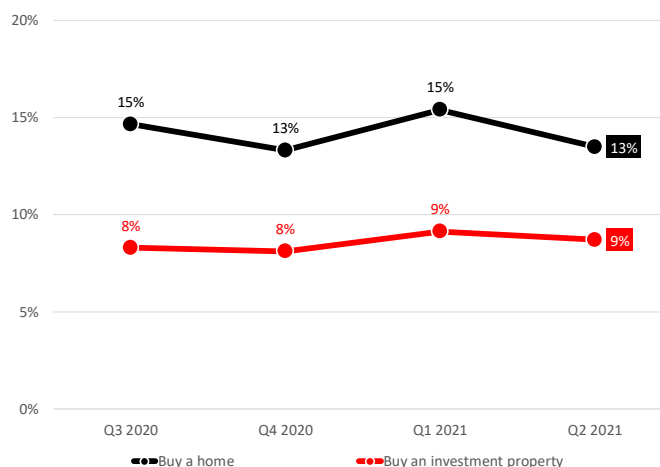
Since September 2020, capital city house prices have risen by 14%, leaving them 12% higher than their pre-COVID-19 (February 2020) level. Over this period, price growth outside the capital cities has been even more rapid, but in recent months regional prices have been growing at around the same pace.

Consequently, NAB revised up its forecast for house prices in 2021 based on the faster than expected growth in prices over recent months. From here we see the monthly pace of growth slowing - but continuing at a solid rate. Alongside the near-term upgrade, we have pulled back the growth in prices in 2022 as affordability constraints begin to bind. Overall, we see dwelling prices up around 18.5% in 2021 and 3.6% in 2022. We still expect prices for house prices to lift at a faster rate than for units, which have been more impacted in major cities by slowing population growth.

## IS IT A GOOD TIME TO BUY PROPERTY NOW - YES



## DO YOU INTEND TO BUY IN NEXT 12 M - YES



With house prices continuing to grow rapidly, the number of Australians who said now was a good time to buy a home fell to just 29% in Q2 (40% in Q1) and an investment property to 25% (31% in Q1). Australians living in WA (36%) and SA (35%) were the most optimistic states for buying a home now, with SA (28%) also leading the way for investment property, with intentions lowest in QLD (22%).

Although house prices are expected to slow over the next year, the number of Australians who said they intend to buy a home in the next 12 months fell slightly to 13% (15% in Q1), with intentions for investment property unchanged at 9%. By state, intent to buy a home in the next 12 months was highest in NSW (15%), just ahead of WA (14%) and the ACT (14%), and lowest in TAS (10%). Intentions for buying investment property in the next 12 months were strongest in the ACT (13%) and lowest in QLD (4%) - see tables below.

## IS IT NOW A GOOD TIME TO BUY: STATES

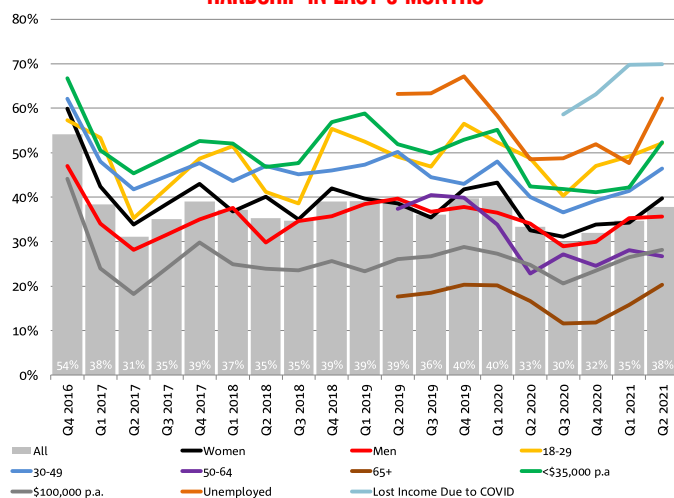
		NSW	VIC	QLD	SA	WA	TAS	ACT
Home	Q2 2021	26%	32%	23%	35%	36%	25%	24%
	Q1 2021	38%	38%	44%	44%	44%	36%	44%
	Q4 2020	40%	47%	48%	41%	53%	41%	34%
	Q3 2020	43%	41%	46%	36%	56%	41%	35%
Investment property	Q2 2021	25%	26%	22%	28%	26%	26%	27%
	Q1 2021	30%	26%	32%	34%	35%	40%	29%
	Q4 2020	32%	36%	40%	29%	29%	32%	20%
	Q3 2020	32%	29%	33%	22%	34%	26%	32%

## DO YOU INTEND TO BUY IN THE NEXT 12 MONTHS: STATES

		NSW	VIC	QLD	SA	WA	TAS	ACT
Home	Q2 2021	15%	13%	11%	11%	14%	10%	14%
	Q1 2021	17%	16%	13%	18%	11%	11%	22%
	Q4 2020	12%	14%	16%	13%	11%	12%	20%
	Q3 2020	17%	20%	8%	12%	10%	11%	14%
Investment property	Q2 2021	11%	10%	4%	9%	7%	8%	13%
	Q1 2021	10%	9%	9%	13%	7%	3%	10%
	Q4 2020	10%	9%	7%	9%	1%	4%	8%
	Q3 2020	11%	9%	6%	4%	5%	2%	21%

## HOUSEHOLD FINANCIAL HARDSHIP

NUMBER OF AUSTRALIANS THAT EXPERIENCED FINANCIAL HARDSHIP IN LAST 3 MONTHS



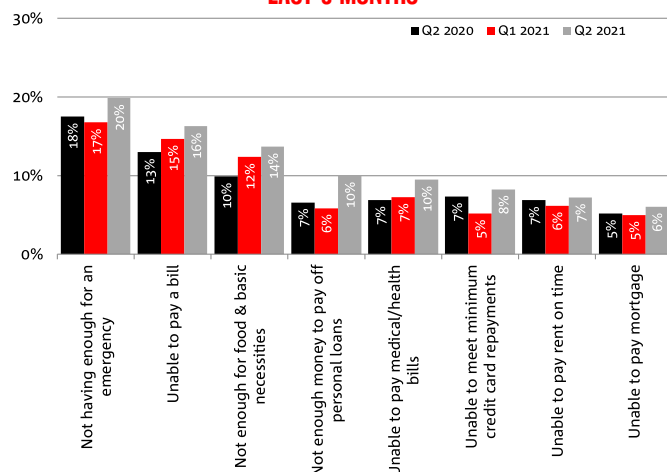
In Q2, the number of people who experienced some form of financial hardship in the past 3 months rose for the third straight quarter to an above average 38% (35% in Q1 and 33% at the same time last year).

The number of women who experienced hardship rose noticeably to 40% (34% in Q1), whereas it was broadly unchanged for men (36%).

By age, financial hardship rose to over 1 in 2 (52%) people in the 18-29 group (49%) in Q2, to 47% in the 30-49 group (41% in Q1) and to 20% in the over 65 group (16% in Q1). It fell slightly in the 50-64 group to 27% (28% in Q1).

Hardship also rose sharply in Q2 in the lowest income group to 52% (42% in Q1), for unemployed people to 62% (48% in Q1). It was highest for Australians who lost their main source of income because of COVID (70%) but was unchanged from the previous quarter.

TYPE OF FINANCIAL HARDSHIP EXPERIENCED IN THE LAST 3 MONTHS



Not having enough money for an emergency is still the most common cause of financial hardship. In Q2, it impacted 1 in 5 (20%) Australians (17% in Q1). It was a bigger problem for women (22%), in the 18-29 age group (28%), for low income earners (30%), people who lost their main income because of COVID (34%) and the unemployed (42%).

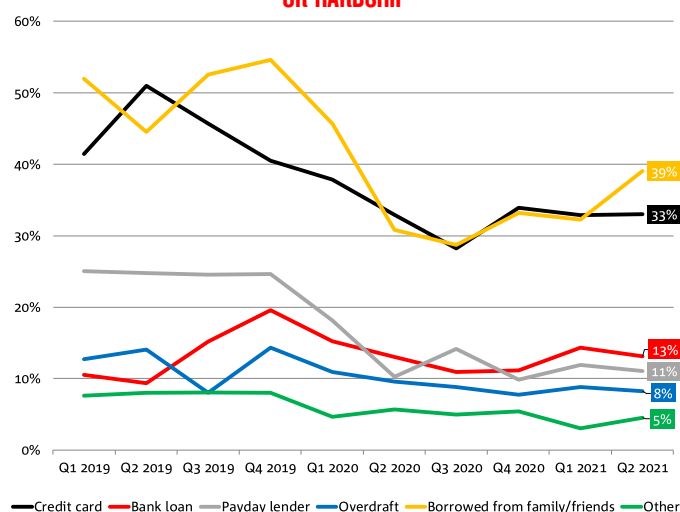
Being unable to pay a bill was the next biggest cause of hardship, affecting 16% overall, followed by not having enough for food or basic necessities (14%). Around 3 in 10 people who lost their income to COVID, were unemployed or 18-29 struggled to pay a bill on time, with 36% of unemployed people also not having enough for food & basic necessities.

Other areas where some groups struggled more than others included personal loan repayments for 1 in 5 18-29 year olds, unemployed people or those that lost their main income to COVID, and being unable to pay medical bills for the unemployed (25%). Australians who lost their income due to COVID were also most vulnerable to hardship from not having enough to meet mortgage payments (15%).

## TYPE OF FINANCIAL HARDSHIP EXPERIENCED IN THE LAST 3 MONTHS: KEY GROUPS

	Women	Men	18-29	30-49	50-64	65+	Low income	High income	Unemp	Income lost to COVID
Not enough for an emergency	22%	17%	28%	21%	18%	12%	30%	14%	42%	34%
Unable to pay a bill	19%	14%	29%	18%	11%	7%	25%	12%	31%	29%
Not enough for food & basics	17%	11%	24%	15%	10%	6%	23%	8%	36%	26%
Not enough to pay pers. loans	10%	11%	20%	13%	4%	2%	13%	8%	21%	22%
Unable to pay med/health bills	10%	9%	15%	10%	7%	5%	17%	7%	25%	21%
Not meet min credit card repay	8%	8%	13%	10%	6%	3%	10%	6%	15%	18%
Unable to pay rent on time	6%	8%	16%	8%	4%	1%	13%	3%	16%	18%
Unable to pay mortgage	5%	7%	10%	8%	4%	1%	6%	6%	10%	15%

### TYPE OF DEBT USED TO MANAGE FINANCIAL STRESS OR HARDSHIP



What debt options did Australians who said they had experienced financial hardship over the last 3 months use to try and manage this?

In Q2, loans from family and friends (39%) overtook credit cards (33%) as the most widely used option, with noticeably more people using this as a resort than in the previous quarter (32%).

The number of people using all other options was broadly unchanged and ranged from 13% using bank loans and 5% resorting to 'other' measures to manage financial hardship.

The table below shows significantly more women (42%) than men (35%) borrowed from family & friends to manage hardship, whereas more men used credit cards (40% men; 27% women), bank loans (20% men; 7% women), or went into overdraft (11% men; 6% women).

By age, noticeably more Australians in the 18-29 group used borrowed from family & friends (52%) or used an overdraft (14%), while those over the age of 65 used credit cards (39%) and in the 50-64 group 'other' measures (10%). Australians under 50 were also much more likely to have turned to a bank loan or payday lender.

Considerably more low-income earners also leaned on family and friends for help (42%), but noticeably more in the highest income group used credit cards (39%), bank loans (18%) and overdrafts (9%).

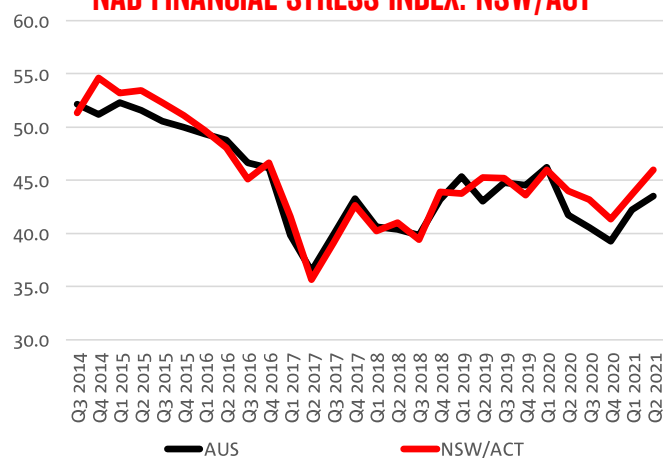
Around 1 in 2 (50%) unemployed people leaned on family and friends and 1 in 4 (26%) used credit cards. Over 4 in 10 (43%) people who had lost their main source of income due to COVID also leant on family and friends. This group were also the most likely to have also used a bank loan (21%) or overdraft (18%) to manage.

### TYPE OF DEBT USED TO MANAGE FINANCIAL HARDSHIP IN PAST 3 MONTHS BY KEY GROUPS

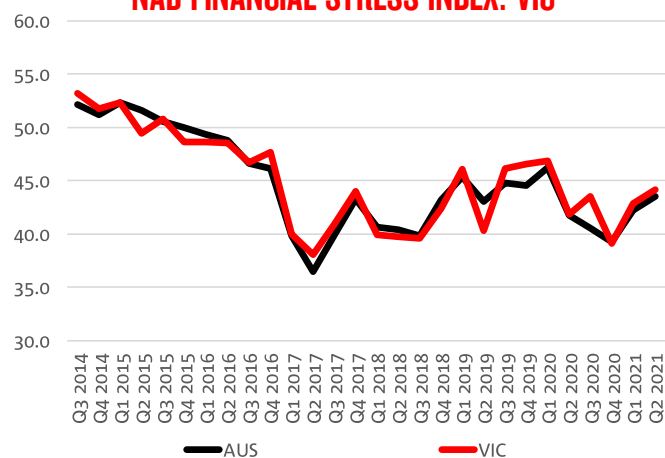
	Women	Men	18-29	30-49	50-64	65+	Low income	High income	Unemp	Income lost to COVID
Borrowed from family/friends	42%	35%	52%	39%	30%	13%	42%	31%	50%	43%
Credit card	27%	40%	32%	34%	27%	39%	25%	39%	26%	39%
Bank loan	7%	20%	18%	16%	4%	1%	9%	18%	4%	21%
Payday lender	12%	10%	14%	12%	9%	4%	11%	14%	9%	14%
Overdraft	6%	11%	14%	8%	4%	0%	5%	9%	2%	18%
Other	7%	2%	2%	4%	10%	6%	6%	3%	10%	2%

# APPENDIX 1: FINANCIAL STRESS INDEX: BY STATE

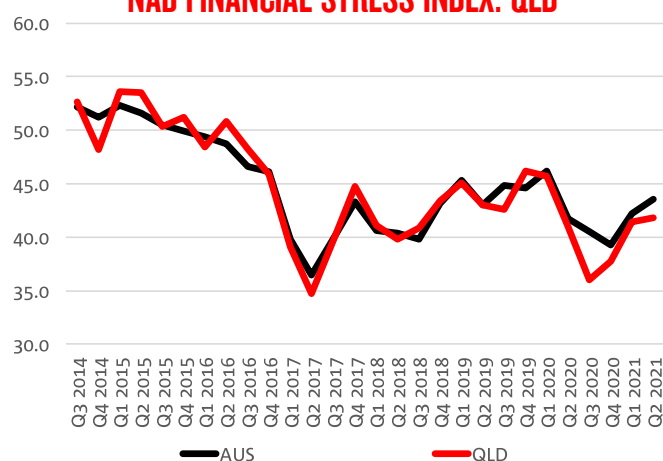
## NAB FINANCIAL STRESS INDEX: NSW/ACT



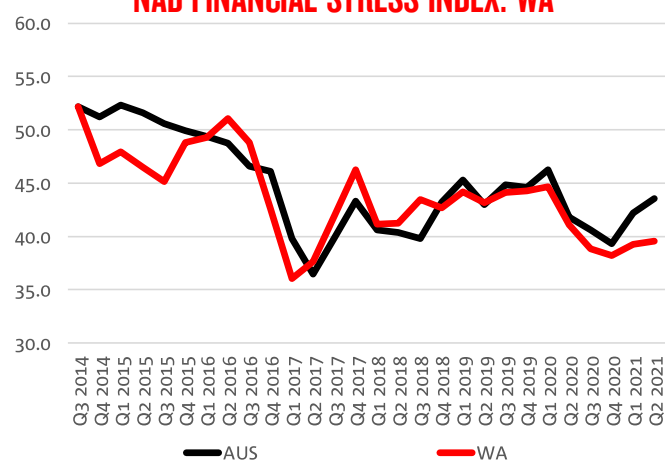
## NAB FINANCIAL STRESS INDEX: VIC



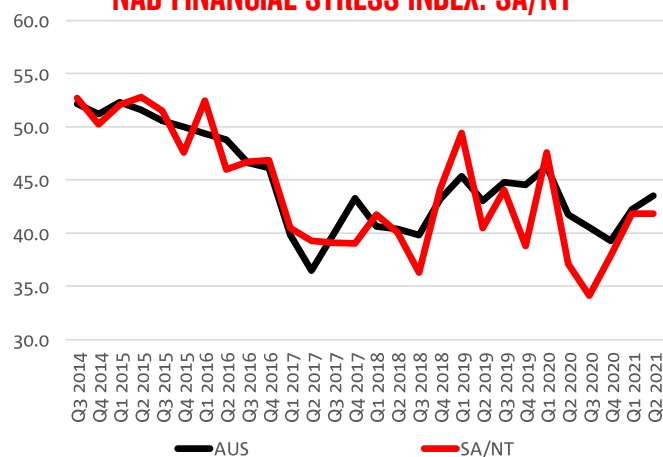
## NAB FINANCIAL STRESS INDEX: QLD



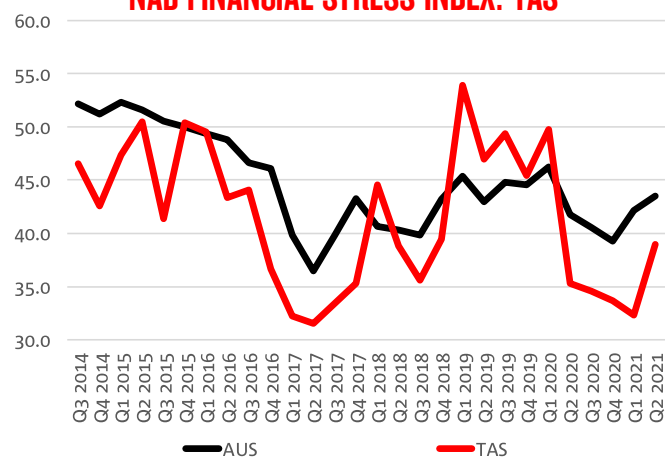
## NAB FINANCIAL STRESS INDEX: WA



## NAB FINANCIAL STRESS INDEX: SA/NT



## NAB FINANCIAL STRESS INDEX: TAS





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