

NAB AUSTRALIAN WELLBEING SURVEY

BEYOND GDP: INSIGHTS INTO WELLBEING, AND THE ROLE MONEY & FINANCES PLAY IN OUR LIVES



NAB Behavioural & Industry Economics

Q3 2021

AUSTRALIA'S WELLBEING LEVELS FALL SHARPLY AS LOCKDOWNS BITE IN SEVERAL STATES. BUT FINANCIAL STRESS HAS EASED & FEWER AUSTRALIANS ARE EXPERIENCING FINANCIAL HARDSHIP.

Living well is important to all of us. Wellbeing means being able to cope with the challenges we face and making the most of the opportunities that arise. While money is important, it's not what matters most. Our wellbeing lies in the connections we share, the relationships we build, our pets, homes, safety and feeling part of our local community. Being in control of our finances also improves wellbeing. Over 1 in 5 Australians strongly believe that because of their financial situation, they will never have the things they want in life. While wellbeing typically rises as our income grows, especially for those on lower incomes, any increase in wellbeing associated with each dollar eventually diminishes. The importance of money is its ability to help us pursue the life we want for ourselves and those we care most about, and to cope with the more difficult aspects of all our lives. And, our attitudes and behaviours can influence outcomes.

NAB's Q3 wellbeing survey reinforces our strong belief in "more than money". While overall levels of household financial stress and hardship eased, wellbeing levels fell sharply, coinciding with extended lockdowns in much of VIC, NSW, and the ACT. While lockdowns have been an effective means of decreasing the number of new COVID-19 cases, they appear to have taken a toll on the population. Australians were far less satisfied with their lives. Over 1 in 3 of us continue to struggle with "high" anxiety. Wellbeing declined in capital cities, but rose in regional areas. Wellbeing fell most in Victoria. Low income earners, the unemployed and those who have lost their main source of income because of COVID, are among those with the lowest wellbeing, while home owners continue to enjoy higher wellbeing than renters. Lower income earners also have higher financial stress, especially in their ability to raise \$2,000 for an emergency, other monthly household expenses, monthly utility bills and medical bills & healthcare. Around 3 in 10 Australians believe they are worse off financially than at the same time last year. Finally, the number of Australians who think now is a good time to buy a home fell for the third consecutive quarter.

The **NAB Australian Wellbeing Index** fell significantly in Q3 (to 63.3 vs. 65.1 in Q2). NAB research shows around 1 in 5 Australians believe lockdowns have had a very negative impact on their mental health and wellbeing and only 1 in 2 had access to adequate mental health care (refer **NAB Behavioural Insights - Life in Lockdown**). Victorians appear to have been impacted most, with wellbeing in the state falling most heavily (59.7 vs. 64.3 in Q2). Wellbeing also fell sharply in capital cities, as life satisfaction plummeted, while people living in regional cities reported a small improvement in wellbeing. Low income earners, the unemployed and those who have lost their main source of income because of COVID, are among those with the lowest wellbeing. Australians on higher incomes continue to derive more positive (or less negative) wellbeing benefits compared to those on lower incomes from all drivers except a lack of time. Areas where the divide is greatest include standard of living, ability to fund retirement, their homes, family and personal relationships and work and job issues.

Men continue to report significantly stronger wellbeing than women. In general, while many more men than women are dying of COVID-19, women have consistently been more concerned about the virus. Women dominate in industries exposed to the virus, such as healthcare, or in sectors that have been more impacted by COVID restrictions, such as hospitality and the arts. More men have jobs that can be done remotely than women. Women have also shouldered more of the responsibility for additional care needs for children and family members. Single parents have been hit even harder, around three-quarters of whom are women. In addition, women are disproportionately exposed to domestic violence, much of which normally occurs in the home.

While overall wellbeing has been buffeted by lockdowns, financial stress eased somewhat with the **NAB Household Financial Stress Index** dipping to 40.5 pts in Q3 (vs. 43.5 in Q2, well below the survey average 44.6). NAB's index is derived from how anxious Australians feel across 14 key household financial pressure points. Not having enough to finance retirement remains the biggest driver of financial stress, followed by providing for our family's future, medical bills & healthcare, home improvements & maintenance, children's education, non-essentials items (holidays, eating out etc.), major household items and personal loan repayments.

Meeting minimum credit card payments is causing the least stress, followed by having enough for food and basic necessities. Both men (39.5) and women (41.5) reported lower financial stress, but women report much higher stress over their ability to fund retirement, home improvements & maintenance, medical bills & healthcare and major household items.

By age, stress fell in all groups, with the biggest falls among the over 65s (24.4). Stress remains noticeably higher among 18-29 year olds (49.2) and 30-49 years (46.2). Financial stress fell for low (48.3) and high income earners (34.3), with the gap narrowing a little. But, lower income earners have higher stress for all metrics (especially raising \$2,000 for an emergency, other monthly household expenses, normal monthly utility bills and medical bills & healthcare). Stress was highest for the unemployed (60.5) and for those who lost their main source of income due to COVID (59.4). Financial stress fell in all states in Q3, led by NSW (41.8) and VIC (40.4). Stress remains highest in NSW (41.8) and lowest in TAS (37.8).

Some anxiety around money is common, but if concerns start to have a major impact on wellbeing, it can become a more serious problem. There is no standard methodology on how to measure financial wellbeing. In addition to NAB's Household Financial Stress Index, NAB also monitors **financial behaviours, financial comfort, and general attitudes to money**. On average, Australians are most comfortable (albeit, only at moderate levels) about their ability to pay bills on time (6.9 out of a possible 10 pts), having a manageable level of debt (6.6), spending without having to draw down savings or borrow (6.3) and spending relative to income (6.2). Comfort is lowest around insurances (5.7) and doing enough to meet longer term financial goals (5.8). Men are more comfortable than women across all areas, particularly financial goals (6.2 vs. 5.5), having adequate insurances (6.0 vs. 5.5) and spending relative to income (6.4 vs. 6.0). Comfort levels for unemployed Australians are substantially lower across all areas.

Our relationship with money can also influence our state of mind and how we view the future. Australians were asked the extent they agreed with 4 key statements: "I can enjoy life because of the way I am managing money (6.0); "I feel financially stable at the moment" (5.9); "because of my money situation, I feel like I will never have the things I want in life" (4.6) and "my finances control my life" (4.6). But averages mask some substantial differences in how some of us feel. For example, around 1 in 5 Australians are in strong agreement (scoring 8 or higher) that their finances control their lives and they will never have what they want in life because of the way they are managing their money.

Australians were also asked for the first time to tell us whether they thought their household was better or worse off financially than at the same time last year. Around 3 in 10 (28%) believe they are worse off, 2 in 10 (20%) better off and 1 in 2 (51%) unchanged. Significantly more women (-14%) on balance believe they are worse off than men (-2%) as well as low income earners (-34%), those who lost their main income due to COVID (-23%) and the unemployed (-48%). While a significant share of low income earners report being worse off, on balance high income earners believe they are better off (+13%).

Despite an increase in the number of people who saw their **household incomes** fall in Q3, Australians reported a drop in their level of concern over their income (51.4 vs. 55.6 in Q2). While stress fell in all key groups, women generally reported higher stress. Those on lower incomes report much higher concern compared to higher income earners (58.2 v 45.7), though both groups saw their stress levels fall. Around 3 in 4 (76%) Australians were trying to save in Q3 (9 in 10 18-29 year olds). Encouragingly, only 3 in 10 (30%) people said their **household savings** had fallen, compared to almost 1 in 2 (47%) in Q2. That said, by income, a net -44% in the lowest income group said their savings had fallen (-45% in Q2). Australians were also a little more optimistic about the future, with the net number expecting their savings to increase rising to +6% (+4% in Q2). Expectations among men were noticeably stronger at +14% (+7% in Q2) but basically unchanged for women (-1% vs. 0% in Q2). Fewer low income earners expect their savings to fall (-18% vs. -25% in Q2). Australians rated their level of concern over their level of savings lower in Q3 (52.8 vs. 57.3 in Q2). Savings stress remains considerably higher in the lowest income group (59.3 vs. 47.9 for higher income earners), though stress levels moderated in both groups.

Australians also made inroads into reducing **household debt** levels in Q3 - on balance more people said their debt had decreased (-9% vs. -6% in Q2). Looking ahead, the net number who expect their debt to fall over the next 12 months eased (-18% vs. -23% in Q2). By income, results were unchanged for lower income earners, but fell noticeably for high income earners (-17% vs. -34% in Q2). Overall debt stress also moderated (39.0 vs. 44.7 in Q2) and is well below stress associated with savings (51.4) and income (52.4). That said, lower income earners continue to report higher debt stress (41.7) than higher income earners (37.3).

Credit cards remain the most widely held debt, though share of Australians holding this debt fell (41% vs. 57% in Q2). Around 1 in 3 (33%) low income earners have credit card debt (1 in 2 high income earners). Those with a **home loan** also fell (31% overall vs. 50% of high income earners). Around 17% have a **personal loan** (20% high income earners and 12% low income earners).

The number with **Buy Now Pay Later** (BNPL) loans fell to 17% in Q3 (21% in Q2) and remains highest in the 18-29 group (28%). A broadly similar number of high and low income earners (around 1 in 5) are holding BNPL debt. Overall, 12% of Australians have a **loan from family or friends** (rising to 21% among those aged 18-29). Around 11% had an **investment loan** (14% of men vs. just 8% of women). Around 6% of all Australians are holding loans from a **pay day lender**, but almost triple that number among 18-29 year olds (15%).

Individually, pay day loans are causing the most stress and stress is rising (64.0 v 57.7 in Q2), and is much higher for men (70.9) than women (51.4). Loans from family and friends (61.6) was the next biggest cause of stress, and the leading cause of stress for women (56.9), and low income earners (67.4). Personal loans were the next biggest (53.0 vs. 55.4 in Q2), followed by investment loans (51.0 vs. 46.6 in Q2). Low income earners had noticeably higher stress over personal loans (63.3). Home loan stress rose (48.7 vs. 47.1 in Q2) and is highest among those 18-29 years (55.2) and on lower incomes (52.1). Stress from BNPL loans fell (48.5 vs 52.2 in Q2), but is causing noticeably more stress for low income earners (56.9). Credit card debt caused the least stress overall (43.7) but was more problematic in the 18-29 group (56.2).

The number of Australians who think now is a good time to **buy a home** fell for the third consecutive quarter (25% vs. 29% in Q2) and is well below the same time last year (44%). The number who thought it was a good time to **buy an investment property** also moderated (23% vs. 25% in Q2 and 31% at the same time last year). The number of Australians who intend to buy a home in the next 12 months also fell slightly (13% vs. 15% in Q2), while intentions for investment property were unchanged (9%). Intentions to buy property in the next 12 months increase as incomes grow. In terms of buying a home, just 4% in the lowest income group planned to do so, with this stepping up progressively to around 1 in 5 people earning over \$75,000 p.a. For investment property however, it started at 3% in the lowest income group and stepped up progressively to 16% in the highest income group.

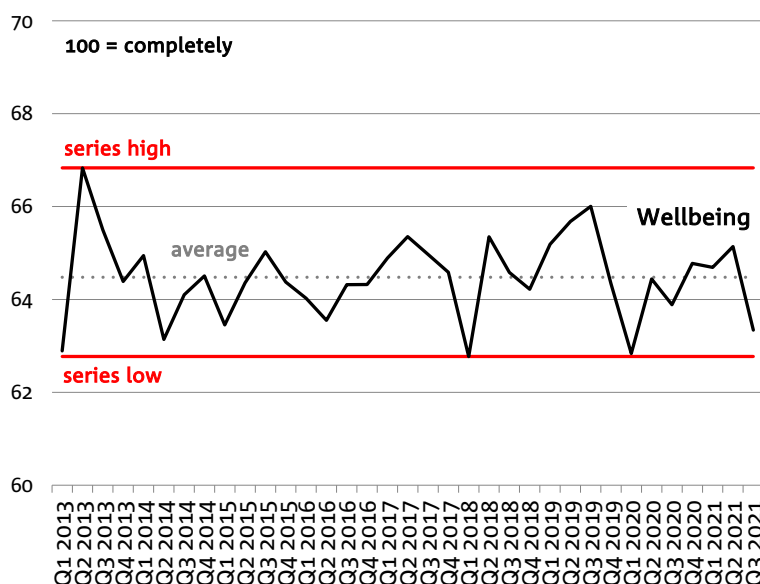
People can experience financial stress without experiencing difficulty in meeting household living expenses and debts or **financial hardship**. The NAB Wellbeing Survey also identifies those who have struggled financially based on 8 key metrics. If any of these triggers are met, NAB counts these people as in “financial hardship”. Fewer Australians experienced financial hardship in Q3 (31% vs. 38% in Q2). Hardship was most prevalent in the 18-29 group (44% vs. 52% in Q2). Despite falling, over twice as many low income earners (45%) reported some form of hardship compared to those on higher incomes (20%). Hardship was most prevalent among those who lost their main income due to COVID (60%) and the unemployed (55%), but fell from 70% and 62% respectively in Q2. Not having enough for an emergency was the most common cause (16% vs. 20% in Q2) and was higher for women (18%), 18-29 year olds (26%), low income earners (23%), people who lost their main income because of COVID (29%) and the unemployed (32%). Being unable to pay a bill was the next biggest cause (12%), followed by not having enough for food or basic necessities (11%). Around 3 in 10 unemployed people struggled to pay a bill (29%) or had enough for food and basic necessities (28%). Low income earners faced more hardship in most areas, except meeting their credit card repayments.

What **debt options** did Australians experiencing financial hardship use to try and manage this? Loans from family and friends were used by 1 in 3 (33%) Australians (though down from 39% in Q2). Credit cards were the next most relied upon (31% down slightly from 33% in Q2). Payday lenders were used by 14% (up from 11% in Q2), bank loans unchanged (13%) and overdrafts up slightly (11% vs. 8% in Q2). Around 4% resorted to ‘other’ measures.

More men utilised most options than women, particularly, credit cards (40% vs. 23%), bank loans (19% vs. 7%) or overdrafts (15% vs. 6%). By age, noticeably more 18-29 year olds borrowed from family and friends (40%), took out bank loans (20%) or used overdrafts (16%). Considerably more low-income earners also leaned on family and friends (41%), while noticeably more higher income earners used credit cards (41%), bank loans (23%) and overdrafts (15%). Over 4 in 10 (44%) of the unemployed leaned on family and friends and 1 in 5 (20%) used credit cards. Around 4 in 10 of those who lost their income due to COVID leant on family and friends (38%), used credit cards (36%) or bank loans (22%).

NAB WELLBEING INDEX

NAB AUSTRALIAN WELLBEING INDEX



With the imposition of extended and sharp lockdowns in place in VIC, NSW and the ACT, NAB' Australian Wellbeing Index dipped to a below average 63.3 pts in Q3. This was down from 65.1 pts in the previous quarter and was the lowest result since the Government declared a COVID pandemic in Q1 2020.

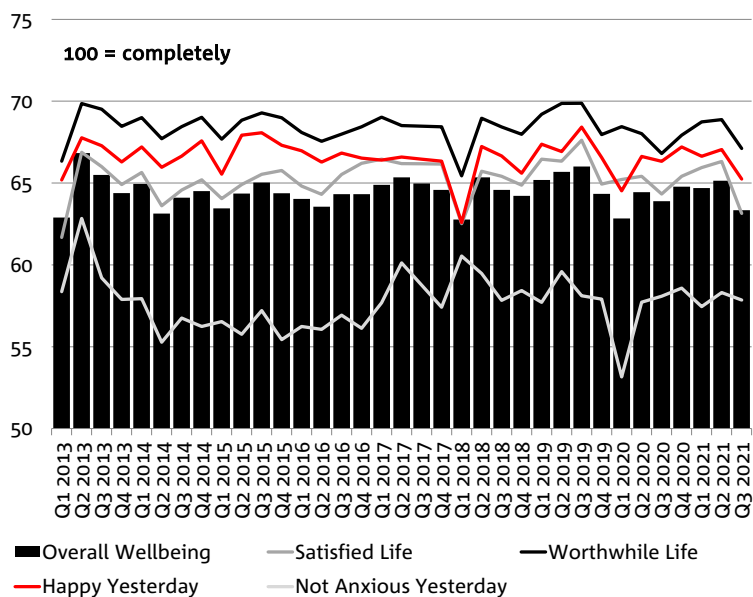
Though all measures of wellbeing were rated lower, anxiety was only marginally worse at 57.9 pts, down from 58.3 pts in the previous quarter (a higher score signals lower anxiety). Nevertheless, over 1 in 3 (37%) Australians continue to struggle with "high" levels of anxiety.

In contrast, Australians were far less satisfied with their lives, with the average life satisfaction score falling most heavily to a multi-year low 63.1 pts (66.3 pts in Q2). Australians also reported lower levels of life worth (67.1 pts down from 68.9 pts in Q2) and happiness (65.2 pts down from 67.0 pts in Q2), with both measures trending well below average.

The impact of lockdown appears to have hit Victorians hardest, with wellbeing falling heavily to 59.7 pts (64.3 pts in Q2), and lowest in the country. All measures spiked, with particularly big falls in self-perceptions of life satisfaction and happiness. Wellbeing also declined in TAS to 63.8 pts (66.0 pts in Q2) on the back of sharply higher anxiety, and in NSW to 62.6 (64.2 pts in Q2) where life satisfaction was rated significantly lower, and people were a little less anxious.

Overall wellbeing was highest in SA/NT (66.9 pts), just ahead of WA (66.5 pts) and QLD (66.2 pts), with all 3 states reporting broadly unchanged levels of overall wellbeing - see appendix 1 for state charts.

NAB AUSTRALIAN WELLBEING INDEX

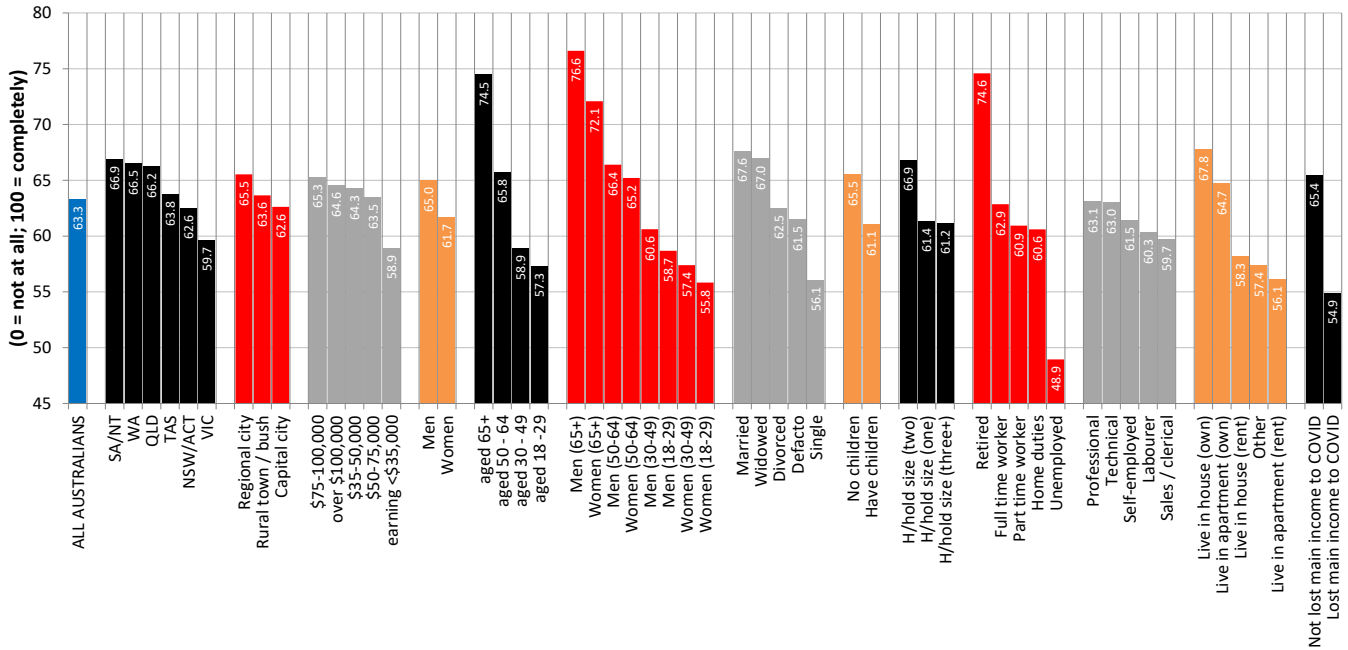


Wellbeing was highest for retirees (74.6 pts) and in the over 65 age group (74.5 pts) - though somewhat higher for men (76.6 pts) than women (72.1 pts). Wellbeing among older Australians was also much higher than in all other groups in relation to life satisfaction, life worth and happiness, and they reported much lower anxiety. Wellbeing was much lower under the age of 50, with the 18-29 group reporting the lowest wellbeing (55.8 pts). Women in this age group (55.8 pts) however reported lower wellbeing than men (58.7 pts), as did women in the 30-49 group (57.4 pts vs. 60.6 pts). Wellbeing for women in both age groups also fell more sharply and they reported lower wellbeing for all measures except anxiety (which was higher for men aged 18-29).

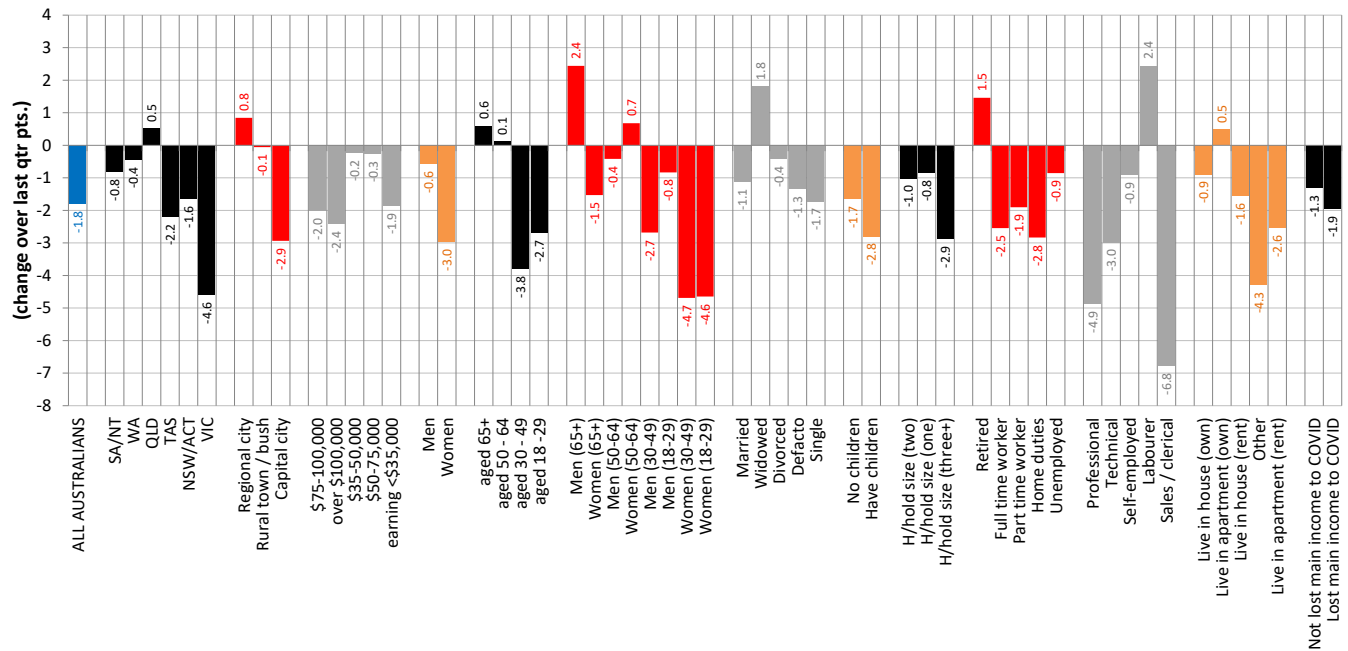
The lockdown impact was also felt more heavily in capital cities, where wellbeing fell quite sharply to 62.6 pts as life satisfaction scores plummeted. People living in regional cities however reported a small improvement in their overall wellbeing (65.5 pts) as anxiety levels ebbed. Sales/clerical workers reported the biggest decline in wellbeing in Q3 (down almost 7 pts) as key industries (such as physical retail) were forced to shut their doors.

In other key findings, income levels did not seem to unduly influence wellbeing in Q3, except in the lowest income group where it was much lower (58.9 pts). Low income earners also reported among the lowest wellbeing score of all groups, along with single people (56.1 pts), the unemployed (48.9 pts) and those who lost their main source of income due to COVID (54.9 pts). Home owners continue to enjoy higher wellbeing than renters, with house owners in particularly reporting much lower levels of anxiety.

NAB AUSTRALIAN WELLBEING INDEX - ALL CATEGORIES



NAB AUSTRALIAN WELLBEING INDEX CHANGE - ALL CATEGORIES



WHAT IS DRIVING WELLBEING?

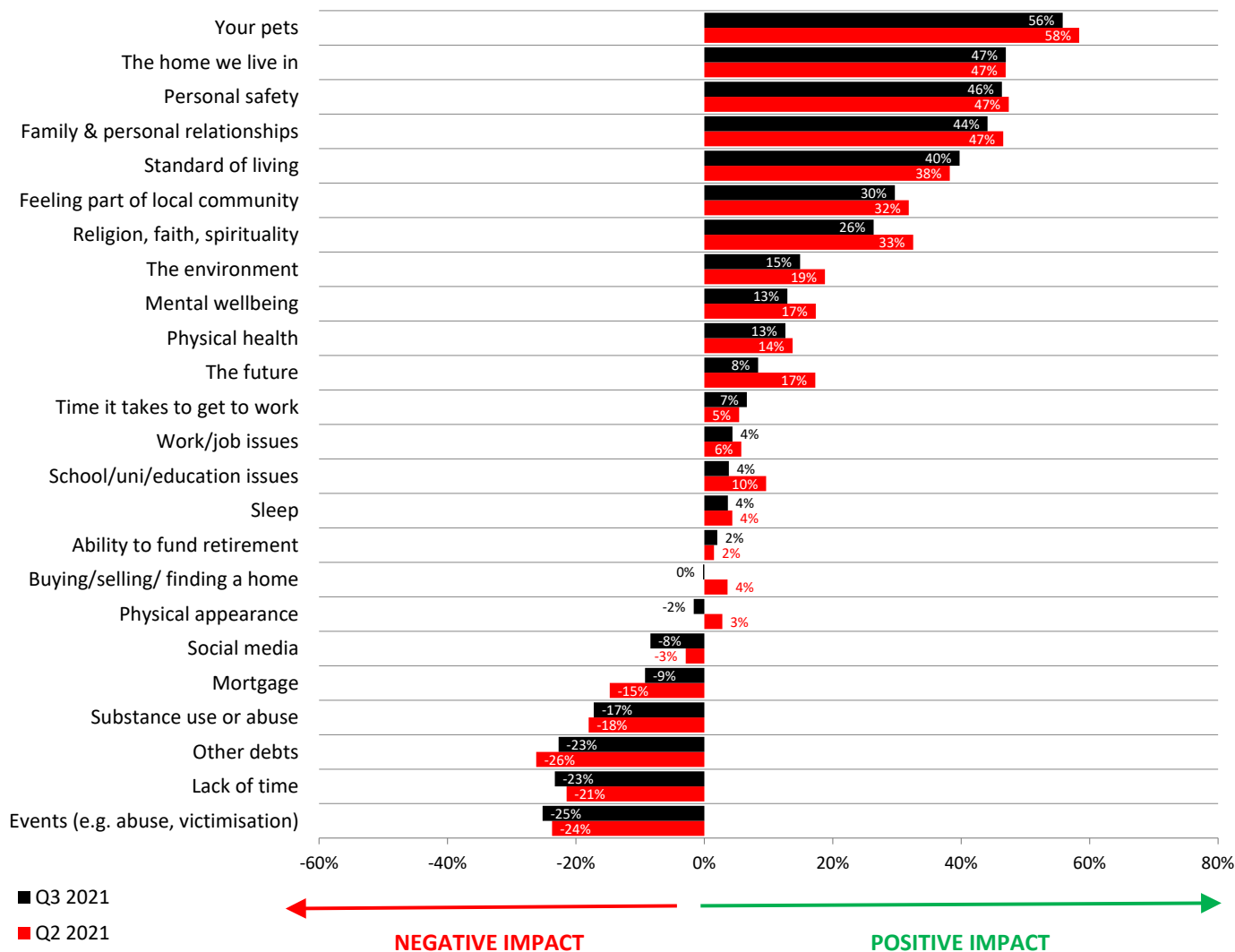
Since 2015, NAB has been asking Australians what impact (positive or negative) do several key factors have on their ratings of personal wellbeing. With self-reported wellbeing declining in Q3, we noted a widespread decline in the net number of Australians who were also deriving wellbeing benefits in many areas.

Pets are still contributing positively to the emotional wellbeing of most Australians - but in Q3 the number who said it contributed positively fell slightly to +56% (+58% in Q2). Other areas that made a positive difference for most people included their homes (unchanged at +47%), personal safety (broadly unchanged at +46%), family and personal relationships (+44% down from +47% in Q2), feeling part of their local community (+30% down from +32%) and religion, faith and spirituality (+26% down from +33%).

We also noted substantial falls in the net number of Australians who reported positive wellbeing benefits from the future (+8% vs. +17% in Q2), school, university and education issues (+4% vs. +10% in Q2), the environment (+15% vs. +19% in Q2), mental wellbeing (+13% vs. +17% in Q2), and buying, selling or finding a home (0% vs. +4%) in Q2.

Events such as abuse and victimisation undermined wellbeing for most Australians in Q3 (up slightly to -25%), followed by a lack of time (also up slightly to -23%), other debts (but for slightly less people at -23%) and substance use or abuse (broadly unchanged at -17%). Mortgages also took away from wellbeing, although the net number impacted negatively fell noticeably to just -9% (-15% in Q2). But the net number of people who highlighted social media as a negative almost trebled to -8% (-3% in Q2).

WELLBEING DRIVERS (NET BALANCE)



But perceptions of how these things impact wellbeing can vary widely across demographic groups. By gender, more (or less) men on balance reported a positive (or negative) contribution from most factors with a few exceptions - particularly their pets which made a positive contribution for noticeably more women (+61%) than men (51%). Also apparent was the much higher number of women who singled out events (-36% vs. -15%), lack of time (-33% vs. -13%), other debts (-32% vs. -13%), substance use or abuse (-28% vs. -8%), mortgages (-17% vs. -2%), social media (-13% vs. -3%), physical appearance (-11% vs. +8%), buying, selling or finding a home (-9% vs. +8%), ability to fund retirement (-7% vs. +11%), education issues (-3% vs. +10%) and work or jobs issues (-4% vs. +13%) than men. Other areas where there was a big divide included the future (+16% men; +1% women), mental wellbeing (+20% men; +6% women) and physical health (+17% men; +8% women).

By age, noticeably more people in the 18-29 group associated positive wellbeing benefits with their pets (+61%), physical health (+31%), education issues (+9%) and social media (+4%). They were also least negatively impacted by substance use or abuse (-7%) and events (-17%). The 30-49 group was the only group where the net number who said the future detracted from their wellbeing exceeded those who said it was a positive influence (-1%). A much higher number in this age group also said a lack of time detracted from their wellbeing than any other age group (-37%) - see table below.

In other findings, religion, faith and spirituality contributed far less to wellbeing in the 50-64 age group (+17%). The 50-64 group was also the only group to report a net negative result for their physical health (-2%), and were noticeably less positive about the contribution to their wellbeing coming from their ability to fund their retirement (-10%) and buying, selling or finding a home (-10%). The over 65 group, however, were by far the most positive about their homes (+61%), feeling part of their local community (+44%), mental wellbeing (+30%), ability to fund retirement (-19%) and physical appearance (+15%).

Income levels also played a key role, with more Australians in the highest income group deriving positive (or less negative) benefits from all wellbeing drivers except a lack of time, where it detracted more (-29%). Areas where the divide was greatest included standard of living (+61% vs. +10%), ability to fund retirement (+14% vs. -20%), their homes (+61% vs. +28%), family and personal relationships (+57% vs. +26%) and work and job issues (+17% vs. -13%).

In the lowest wellbeing groups, we found that significantly fewer unemployed Australians enjoyed positive (or less negative) wellbeing benefits than the average Australian for all measures except social media, mortgages and substance use or abuse where they were broadly on par. Areas where they fell most behind included standard of living, mental wellbeing, their homes, personal safety, family and personal relationships, physical health, ability to fund retirement, and work or job issues.

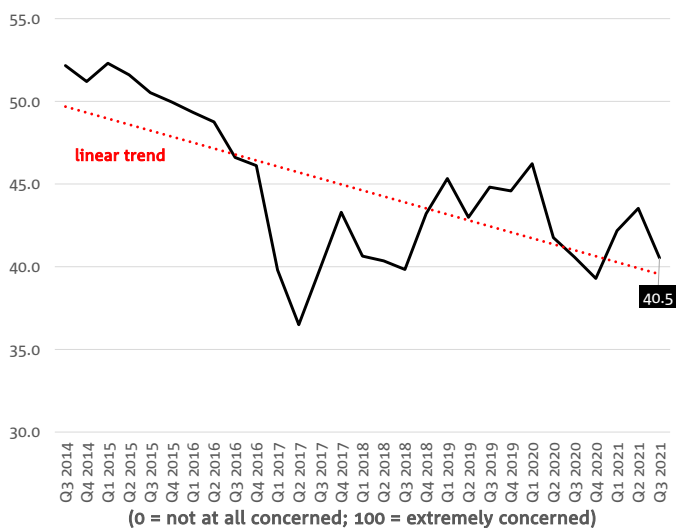
Among Australians who reported the lowest wellbeing overall - those who lost their main source of income due to COVID - the areas where most derived fewer positive wellbeing benefits than the average Australian included standard of living, their homes, family and personal relationships and personal safety. Interestingly, however, far fewer people in this group said that events such as abuse or victimisation, lack of time and other debts detracted from their overall sense of wellbeing when compared to the Australian average.

WELLBEING DRIVERS: KEY GROUPS

	Overall	Women	Men	18-29	30-49	50-64	65+	Lowest income group	Highest income group	Unemployed	Lost main income due to COVID
Your pets	56%	61%	51%	64%	53%	52%	57%	47%	60%	27%	49%
The home we live in	47%	44%	50%	48%	40%	43%	61%	28%	61%	10%	34%
Personal safety	46%	45%	48%	55%	43%	38%	52%	30%	57%	16%	37%
Family & personal relationships	44%	44%	44%	52%	36%	38%	56%	26%	57%	13%	33%
Standard of living	40%	36%	43%	47%	34%	33%	50%	10%	61%	0%	25%
Feeling part of local community	30%	28%	32%	32%	22%	26%	44%	14%	38%	4%	23%
Religion, faith, spirituality	26%	27%	26%	34%	23%	17%	33%	24%	25%	9%	29%
The environment	15%	15%	15%	23%	8%	12%	21%	7%	16%	-2%	19%
Mental wellbeing	13%	6%	20%	15%	5%	7%	30%	1%	21%	-23%	9%
Physical health	13%	8%	17%	31%	7%	-2%	19%	-4%	23%	-18%	10%
The future	8%	1%	16%	16%	-1%	5%	19%	-1%	21%	-17%	4%
Time it takes to get to work	7%	0%	13%	14%	3%	7%	1%	-4%	12%	-9%	10%
Work/job issues	4%	-4%	13%	5%	4%	1%	10%	-13%	17%	-25%	-1%
School/uni/education issues	4%	-3%	10%	9%	3%	-1%	4%	-6%	11%	-11%	8%
Sleep	4%	0%	7%	16%	-1%	-11%	14%	-6%	10%	-15%	8%
Ability to fund retirement	2%	-7%	11%	8%	-5%	-10%	19%	-20%	14%	-29%	-3%
Buying/selling/ finding a home	0%	-9%	8%	6%	1%	-10%	-2%	-14%	8%	-16%	3%
Physical appearance	-2%	-11%	8%	7%	-12%	-10%	15%	-10%	2%	-19%	-5%
Social media	-8%	-13%	-3%	4%	-11%	-13%	-13%	-6%	-9%	-7%	0%
Mortgage	-9%	-17%	-2%	7%	-16%	-17%	-4%	-10%	-10%	-11%	-2%
Substance use or abuse	-17%	-28%	-8%	-7%	-20%	-25%	-15%	-27%	-14%	-19%	-10%
Other debts	-23%	-33%	-13%	-13%	-30%	-27%	-13%	-36%	-16%	-32%	-12%
Lack of time	-23%	-33%	-13%	-19%	-37%	-18%	-7%	-22%	-29%	-26%	-10%
Events (e.g. abuse, victimisation)	-25%	-36%	-15%	-17%	-29%	-28%	-24%	-34%	-17%	-34%	-8%

HOUSEHOLD FINANCIAL STRESS & HARDSHIP

NAB HOUSEHOLD FINANCIAL STRESS INDEX: OVERALL



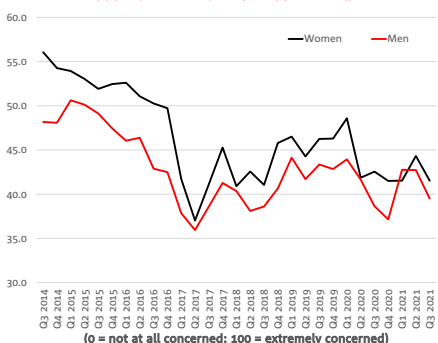
Anxiety is the biggest detractor from overall emotional wellbeing and financial stress can be a key contributing cause. The **NAB Household Financial Stress Index** looks at the role our finances have on our wellbeing. This comprehensive measure of financial anxiety is derived from a number of key potential 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 Q3 2021, the NAB Household Financial Stress Index dipped to 40.5 pts, from 43.5 pts in the previous quarter, and was basically unchanged from the same time last year (40.6 pts). The index also continued to trend well below the survey average (44.6 pts).

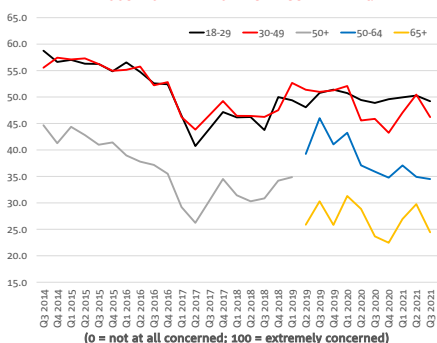
Australians reported lower stress for all index components in Q3, which also fell quite heavily across the board except for mortgage, rent and housing costs, which was down a more moderate 1.5 pts to 40.1.

Not having enough to finance retirement remains the biggest driver of financial stress, though the level of stress fell in Q3 (down 2.8 pts to 52.5). However, it continues to cause more stress than the next biggest drivers - providing for our family’s future (down 3.0 pts to 45.0), medical bills and healthcare (down 2.2 pts to 43.1), home improvements and maintenance (down 3.5 pts to 42.5), our children’s education (down 2.2 pts to 41.6), non-essentials items like holidays, eating out etc. (down 3.8 pts to 41.5), major household items (down 3.4 pts to 40.9) and personal loan repayments (down 3.2 pts to 40.3). Having enough money to meet minimum credit card payments caused the least stress (down 2.5 pts to 32.2), followed by having enough for food and basic necessities (down 3.4 pts to 33.2).

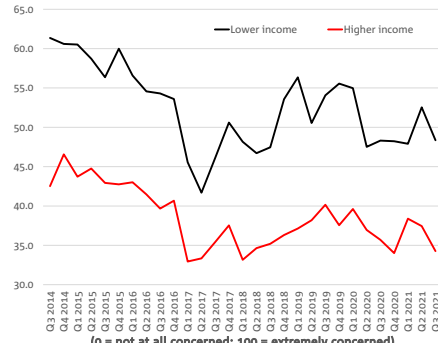
NAB HOUSEHOLD FINANCIAL STRESS INDEX: GENDER



NAB HOUSEHOLD FINANCIAL STRESS INDEX: AGE



NAB HOUSEHOLD FINANCIAL STRESS INDEX: INCOME



Both men (down 3.2 pts to 39.5) and women (down 2.8 pts to 41.5) reported lower financial stress in Q3, but it remains somewhat higher for women. Women reported higher stress levels than men for most measures - except credit card repayments, personal loan repayments and children’s education. Relative to men, women also had much higher stress over the ability to fund their retirement (55.1 pts vs. 49.7 pts), home improvements and maintenance (44.8 pts vs. 40.3 pts), medical bills and healthcare (45.3 pts vs. 40.9 pts) and major household items (43.1 pts vs. 38.7 pts).

By age, stress fell in all groups, with the biggest falls seen in the over 65 group (down 5.3 pts to 24.4 pts). Stress was also lowest in this group, followed by the 50-64 group (down 0.4 pts to 34.5). It was noticeably higher in the 18-29 (down 1.1 pts to 49.2) and the 30-49 groups (down 4.2 pts to 46.2), and we continue to see a large financial stress gap between Australians under and over 50.

Financial stress was highest in the 18-29 age group for all drivers, except being able to finance retirement, which caused the most 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 except personal loan repayments (on par with 50-64 group) - see table below.

Financial stress fell for low (down up 4.2 pts to 48.3) and high income earners (down 3.2 pts to 34.3), with the gap between lower and higher income earners narrowing a little to 14.1 pts (15.1 pts in Q2). Lower income earners reported higher stress for all metrics, especially raising \$2,000 for an emergency (52.9 pts vs. 30.3 pts), other monthly household expenses (48.2 pts vs. 30.6 pts), normal monthly utility bills (46.8 pts vs. 29.6 pts) and medical bills and healthcare (52.2 pts vs. 35.8 pts).

Stress was highest for unemployed people at 60.5 pts and for those who had lost their main source of income due to COVID (59.4 pts). Whereas retirement financing was the biggest cause of stress in other key groups (except the 18-29 group), providing for their family's future and medical and healthcare bills were the biggest drivers of stress in these groups, and they also typically reported much higher stress from all metrics.

Financial stress fell in all states in Q3 led by NSW (down 4.2 pts to 41.8) and VIC (down 3.8 pts to 40.4). Stress was however again reportedly highest in NSW, with SA/NT (down 0.2 pts to 41.6) replacing VIC as the next most stressed. Financial stress remained lowest in TAS (down 1.2 pts to 37.8) - see Appendix 2 for historical data.

NAB HOUSEHOLD FINANCIAL STRESS INDEX: KEY GROUPS (Q3 2021)

	All	Women	Men	18-29	30-49	50-64	65+	Low income	High income	Unemployed	Lost main income due to COVID
Financing retirement	52.5	55.1	49.7	52.7	60.0	54.3	43.3	57.9	48.0	63.4	58.6
Providing for family's future	45.0	46.8	43.2	54.0	52.0	38.4	31.1	51.5	39.0	69.8	69.0
Medical bills/healthcare	43.1	45.3	40.9	51.0	48.9	39.0	34.6	52.2	35.8	66.9	62.2
Home imp. & maintenance	42.5	44.8	40.3	48.6	47.8	39.2	35.3	48.6	36.7	61.5	60.2
Children's education	41.6	41.1	42.1	50.1	48.0	23.1	13.0	46.5	35.9	55.4	58.6
Non-essentials	41.5	43.2	39.7	51.1	46.8	36.8	34.0	46.5	36.1	60.6	58.1
Major household items	40.9	43.1	38.7	48.8	45.9	37.6	33.1	49.5	33.9	60.2	58.7
Personal loan repayments	40.3	39.6	40.9	50.6	45.0	29.8	29.8	49.4	33.7	63.4	59.4
Mortgage, rent, house costs	40.1	40.5	39.7	49.9	44.9	31.8	27.3	46.7	34.3	58.9	59.7
Raising \$2,000 for emergency	39.5	40.9	37.9	51.3	44.5	33.6	30.2	52.2	30.3	57.9	60.3
Other monthly h/hold exp.	38.1	39.2	37.0	47.9	43.3	33.6	29.9	48.2	30.6	63.5	63.0
Normal monthly utility bills	37.1	38.3	35.9	45.7	42.9	32.5	29.1	46.8	29.6	58.9	56.7
Food/basic necessities	33.2	33.3	33.1	42.0	38.9	28.8	25.0	42.3	27.1	53.5	53.9
Credit card repayments	32.2	30.2	33.9	45.1	38.1	24.5	21.1	38.5	28.8	52.6	53.9
NAB Household Financial Stress Index	40.5	41.5	39.5	49.2	46.2	34.5	29.8	48.3	34.3	60.5	59.4

NAB HOUSEHOLD FINANCIAL STRESS INDEX: STATES (Q3 2021)

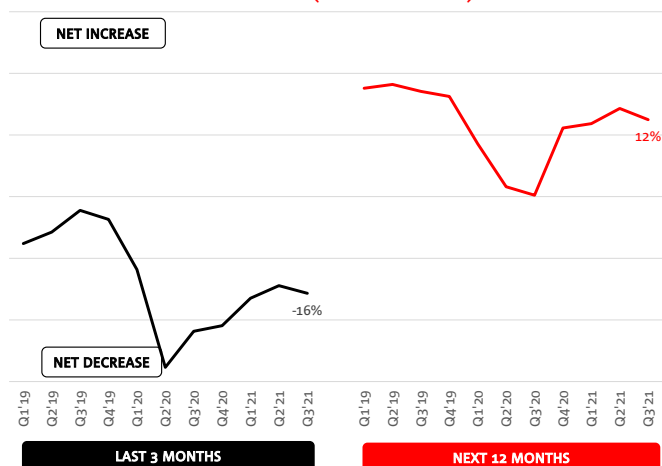
	AUS	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Financing retirement	52.5	52.5	52.7	52.6	49.8	54.6	53.2
Providing for family's future	45.0	46.7	44.9	43.2	44.9	43.3	40.9
Medical bills/healthcare	43.1	43.9	41.7	42.5	43.5	44.8	43.6
Home improvements & maintenance	42.5	44.1	42.8	41.7	40.5	40.4	38.6
Children's education	41.6	42.9	42.5	37.1	43.8	41.7	37.2
Non-essentials (holidays, eating out)	41.5	43.3	41.4	39.0	40.5	42.4	35.0
Major household items	40.9	42.3	40.3	40.5	40.7	41.0	33.6
Personal loan repayments	40.3	40.8	40.6	39.4	37.6	43.6	36.0
Mortgage, rent, housing costs	40.1	40.9	40.8	38.2	39.1	41.3	35.3
Raising \$2,000 in an emergency	39.5	40.5	39.6	38.3	36.5	40.8	41.7
Other monthly household expenses	38.1	39.8	37.2	37.4	36.7	38.3	36.2
Normal monthly utility bills	37.1	38.6	36.1	36.8	35.6	37.9	33.6
Food/basic necessities	33.2	34.3	31.9	32.1	32.4	36.0	34.1
Credit card repayments	32.2	34.6	32.6	28.9	27.8	35.8	30.0
NAB Household Financial Stress Index	40.5	41.8	40.4	39.1	39.2	41.6	37.8

Financing retirement was the biggest driver of stress in all states, and highest in SA/NT (54.6 pts), People living in SA/NT also reported the highest stress around medical bills and healthcare (44.8 pts), personal loan repayments (43.6 pts), mortgage, rent and housing costs (41.3 pts), raising \$2,000 for an emergency (40.8 pts), food and basic necessities (36.0 pts) and credit card repayments (35.8 pts). People in NSW/ACT were most stressed about providing for their family’s future (46.7 pts), home improvements and maintenance (44.1 pts), non-essentials (43.3 pts), major household items (42.3 pts), other monthly household expenses (39.8 pts) and normal monthly utility bills (38.6 pts). WA had the highest stress over children’s education (43.8 pts) - see table above for detail.

THE IMPACT OF INCOME, SAVINGS & DEBT

The labour market deteriorated noticeably in August as lockdowns began to bite. Employment and hours worked fell significantly, with a fall in participation masking the impact on the unemployment rate itself, and there is more pain to come - but signs are positive for a rebound once lockdowns end. Against this, the net number reporting a decrease in their incomes in the last 3 months worsened to -16% (-14% in Q2), after steadily improving since the second half of last year. More women were impacted negatively (-18%), as were those in the 18-29 (-22%) and 50-64 (-22%) age groups. Lower income groups were harder hit (-31% from -20% in Q2), but a significantly bigger number in the highest income group also reported a fall in their incomes (-19% vs. -5% in Q2). Looking forward, more Australians on balance expect their incomes to rise than fall in the next 12 months (+9%), with men (+16%) and the 18-29 (+20%) and 30-49 (+19%) age groups the most optimistic. Interestingly, the number of high (+2%) and low income earners (-2%) expecting their incomes to rise and fall largely cancel out.

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

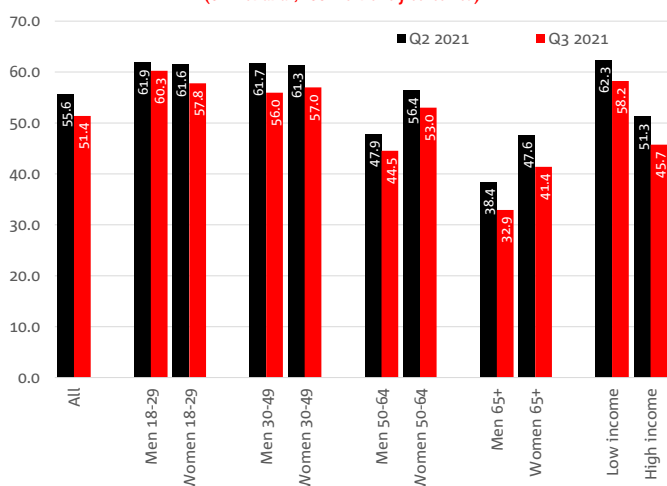


WHAT HAPPENED/WILL HAPPEN TO YOUR LEVEL OF INCOME (NET BALANCE)

	Last 3 months	Next 12 months
Women	-18%	9%
Men	-14%	16%
Age 18-29	-22%	20%
Age 30-49	-12%	19%
Age 50-64	-20%	4%
Age 65+	-12%	2%
Low income	-31%	-2%
High income	-19%	2%

LEVEL OF CONCERN OVER YOUR INCOME

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

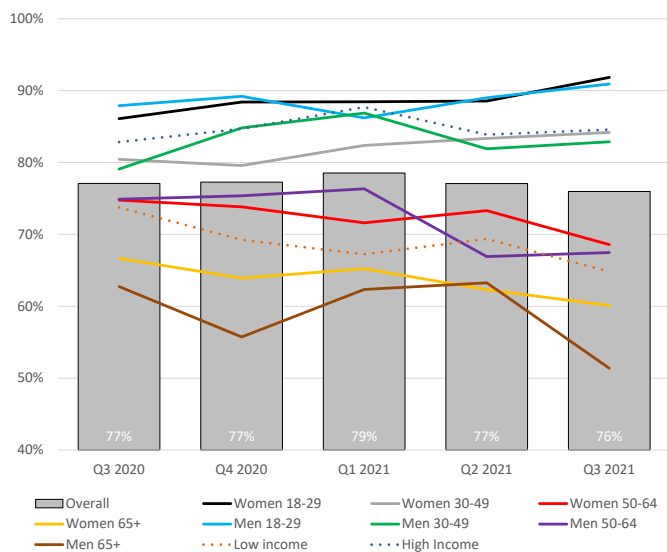


Despite an increase in the number of people who saw their incomes fall, Australians reported a drop in their level of concern over their income in Q3, rating their stress at 51.4 pts out of 100 (where 100 signals extremely concerned), down from 55.6 pts in Q2.

While stress fell in all key groups relative to the previous quarter, women reported higher stress in all age groups, except the 18-29 group (men 60.3 pts; women 57.8 pts). Women were slightly more stressed in the 30-49 group (women 57.0 pts; men 56.0 pts), but significantly more so in the 50-64 (women 53.0 pts; men 44.5 pts) and over 65 group age groups (women 41.4 pts; men 32.9 pts).

The lowest income earners (less than \$35,000 p.a.) report much higher concern (58.2 pts) than high income (over \$100,000 p.a.) earners (45.7 pts), though both groups indicated their stress levels were lower this quarter.

PERCENTAGE OF AUSTRALIANS TRYING TO SAVE



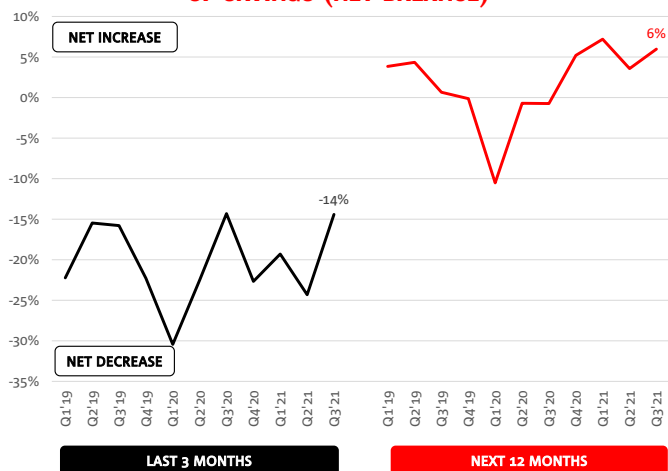
Around 3 in 4 (76%) Australians were trying to save in Q3.

Savings aspirations were strongest in the 18-29 age group, with 9 in 10 women (92%) and men (91%) in this group trying to save. Aspirations were also broadly similar in the 30-49 group (84% women; 83% men). Savings intentions were lower in the 50-64 age group. (69% women; 67% men).

In the over 65 group, the number of women trying to save was broadly unchanged at 60%, but the number of men trying to do so fell noticeably to 51% (63% in Q2).

Aspirations fell back in the lowest income group to 65% (69% in Q2) and were broadly unchanged in the highest income group at 85%.

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
Women	-20%	-1%
Men	-9%	14%
Age 18-29	-8%	25%
Age 30-49	-12%	14%
Age 50-64	-25%	-13%
Age 65+	-15%	-8%
Low income	-44%	-18%
High income	-33%	-18%

In net terms, the number of Australians whose level of savings fell in the last 3 months outweighed those who indicated their savings had increased. However, the net number reporting a decrease fell sharply to -14% (-24% in Q2). Encouragingly, only 3 in 10 (30%) said their savings had fallen in the past 3 months, compared to almost 1 in 2 (47%) in the previous quarter.

By gender, the net number of women who reported a decrease in savings fell significantly to -20% (-36% in Q1), with a more moderate decline noted among men to -9% (-13% in Q1).

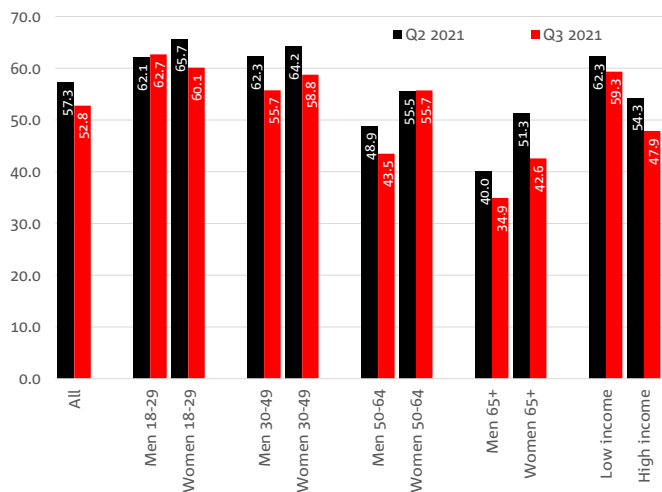
By age, the net number who reported a decrease in their savings in the last 3 months ranged from -25% in the 50-64 age group to -8% in the 18-29 group.

By income, a net -44% in the lowest income group said their level of savings had fallen (-45% in Q2), with a significant spike in the number of high income earners who said their savings had fallen in Q3 to -33%, down from just -3% who said they had fallen in Q2.

Australians were also a little more optimistic about the future, with the net number expecting their savings to increase rising to +6% (+4% in Q2). Expectations among men were noticeably stronger at +14% (+7% in Q2) and basically unchanged for women at -1% (0% in Q2).

More Australians under 50 expect their level of savings to fall than rise in the next 12 months (led by the 50-64 group (-13%). Australians under the age of 50 are more optimistic, led by the 18-29 group (+25% up from +2% in Q2). Fewer low income earners now also expect their savings to fall than rise (-18% vs. -25% in Q2), whereas expectations in the highest income group reversed (-18% vs. +28% in Q2).

LEVEL OF CONCERN OVER YOUR SAVINGS (0 = not at all; 100 = extremely concerned)



Australians rated their level of concern over their level of savings lower in Q3 at 52.8 pts (57.3 pts in Q2), and slightly higher than for income stress (51.4 pts).

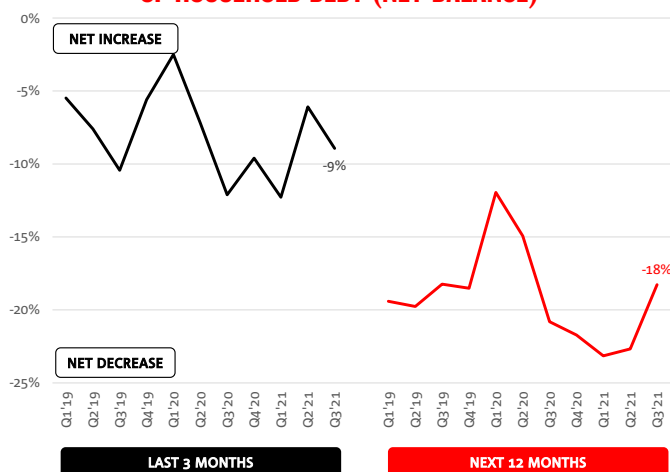
Stress was noticeably higher for people under 50, with men in the 18-29 group reporting slightly higher stress (62.7 pts vs. 62.1 pts in Q2) and higher than did women (60.1 pts vs. 65.7 pts in Q2) - reversing the trend in the last quarter when stress was higher for young women.

Women in the 50-64 age group were the only other group to report higher savings stress in Q3 (55.7 pts vs. 55.5 pts in Q2), with stress levels not much lower than for women under the age of 50.

In contrast, women over the age of 65 had far lower levels of stress (42.6 pts), although somewhat higher than for men over 65 (34.9 pts).

Savings stress was considerably higher in the lowest income group (59.3 pts) than in the highest income group (47.9 pts) - though stress levels moderated in both groups.

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



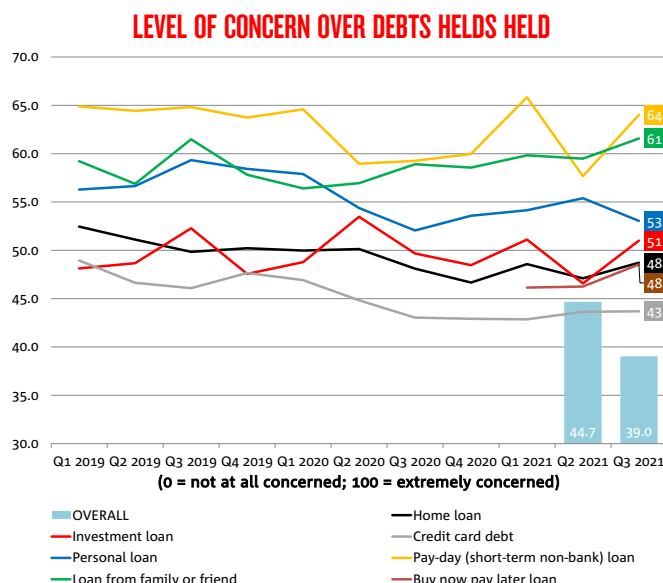
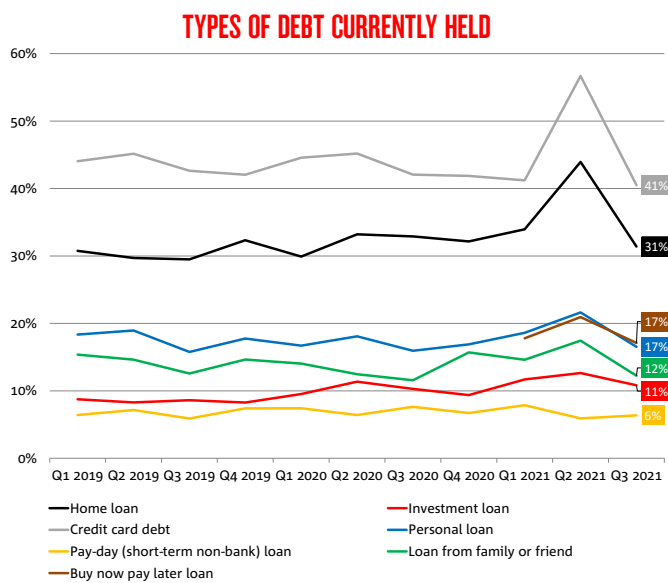
WHAT HAPPENED/WILL HAPPEN TO YOUR LEVEL OF HOUSEHOLD DEBT (NET BALANCE)

	Last 3 months	Next 12 months
Women	-5%	-18%
Men	-13%	-18%
Age 18-29	-8%	-20%
Age 30-49	-8%	-21%
Age 50-64	-12%	-22%
Age 65+	-9%	-10%
Low income	6%	-4%
High income	-3%	-17%

More Australians made inroads into reducing household debt levels in Q3. When asked how it had changed over the past 3 months, in net terms more people said it decreased than increased (-9%) - i.e. the number who said it decreased out-weighed the number who said it increased - up from -6% in the previous quarter. Slightly more women (-5%) reported making inroads into reducing household debt levels over the past 3 months (-3% in Q2), as did the number of men (-13% from -9% in Q2).

On balance, more Australians in all age groups reduced their household debt levels during the quarter, with this ranging from -12% in the 50-64 group to between 8-9% in all other groups. By income, a net +6% in the lowest income group indicated that their debt levels had increased in Q3 (+10% in Q2), while just -3% in the highest income group said their debt levels had fallen, well down from -19% in the last quarter.

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 eased to -18% (-23% in Q2). The survey revealed little difference in expectations between women and men (each at -18% and down from -22% & -23% respectively in Q2). By age, around twice as many people under the age of 65 expect to reduce their household debt levels in the next 12 months when compared to the over 65 group (-10%). By income, the net number of people in the lowest income group who expect debt levels to fall in the next 12 months was unchanged at -4% in Q3 but fell noticeably to -17% in the highest income group (-34% in Q2).



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, though the overall number of Australians holding this debt fell in Q3 to 41% (from a survey high 57% in Q2). The number of men holding credit card debt dropped to 44% in Q3 (60% in Q2) and to 37% for women (53% in Q2). By age, the number of people with credit card debt fell in all age groups, and ranged from 47% in the 50-64 group to 30% in the 18-29 group. Around 1 in 3 (33%) low income earners (less than \$35,000 p.a.) indicated they had credit card debt, compared to almost 1 in 2 (47%) in the highest income group (over \$100,000 p.a.).

The number with home loans fell to 31%, and it was the most common type of debt held in the 30-49 age group (49%) and among high income earners (50%). Around 17% overall had a personal loan, with this type of debt most common in the 18-29 (26%) and 30-49 age groups (22%). Around twice as many high income earners (20%) had personal loans than low income earners (12%).

The number of Australians with Buy Now Pay Later (BNPL) loans fell to 17% in Q3 (21% in Q2) and was slightly more common for women (18%) than men (16%). By age, it remained noticeably higher in the 18-29 (28%) and 30-49 (20%) groups, than in the 50-64 (12%) and over 65 groups (5%) A broadly similar number of high and low income earners (around 1 in 5) also held BNPL debt.

Overall, 12% of all Australians indicated they had a loan from family or friends, but this almost doubled in the 18-29 group (21%). Around 11% had an investment loan, but this climbed to 20% in the highest income group. Investment loans were also somewhat more common for men (14%) than women (8%). Only 6% of all Australians were holding loans from a pay day lender in Q3, but this number almost tripled to 15% in the 18-29 age group.

TYPE OF DEBTS HELD: GENDER, AGE & HIGH/LOW INCOME

	All	Women	Men	18-29	30-49	50-64	65+	Low income	High income
Credit card debt	41%	37%	44%	30%	41%	47%	43%	33%	46%
Home loan	31%	31%	31%	22%	49%	35%	9%	8%	50%
Buy now pay later loan	17%	18%	16%	28%	20%	12%	5%	19%	18%
Personal loan	17%	14%	19%	26%	22%	10%	3%	12%	20%
Loan from family or friend	12%	11%	13%	21%	16%	6%	4%	15%	10%
Investment loan	11%	8%	14%	15%	13%	11%	2%	3%	19%
Pay-day (short-term non-bank) loan	6%	4%	8%	15%	7%	2%	0%	7%	7%

Overall debt stress moderated to 39.0 pts in Q3 (44.7 pts in Q2) and was well below the level of stress associated with their savings (51.4 pts) or income (52.4 pts). Women (39.4 pts) reported slightly higher stress levels than men (38.7 pts). By age, the 30-49 group (46.9 pts) overtook the 18-29 group (45.4 pts) for having the highest debt stress. Debt stress was lowest by some margin in the over 65 group (22.0 pts). Low income earners also reported higher debt stress (41.7 pts) than high income earners (37.3 pts).

Individually, pay day loans caused the most stress (64.0 pts), and noticeably higher than in Q2 (57.7 pts). Pay day loans were much more stressful for men (70.9 pts) than women (51.4 pts), and in the highest income group (66.2 pts). Loans from family and friends was the next biggest cause of debt stress, and the leading cause of stress for women (56.9 pts), in the 50-64 age group (60.0 pts) and for low income earners (67.4 pts).

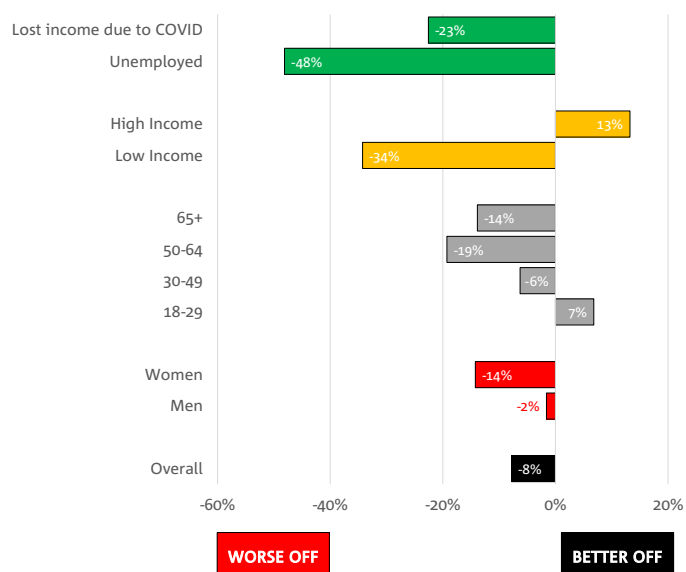
Personal loans were the next biggest driver of debt stress (53.0 pts and down from 55.4 pts in Q2), followed by investment loans (51.0 pts and up from 46.6 pts in Q2). Low income earners reported noticeably higher stress over personal loans (63.3 pts), and men (54.8 pts), 18-29 year olds (63.3 pts) and high income earners (49.1 pts) over investment loans.

Debt stress arising from home loans was slightly higher at 48.7 pts in Q3 (47.1 pts in Q2) and was highest in the 18-29 (55.2 pts) and lowest income groups (52.1 pts). Stress arising from BNPL loans fell to 48.5 pts (52.2 pts in Q2), but it caused noticeably more stress for men (53.8 pts) and low income earners (56.9 pts). Credit card debt caused the least stress overall (43.7 pts), and was problematic in the 18-29 group (56.2 pts).

LEVEL OF CONCERN OVER DEBTS HELD: GENDER, AGE & HIGH/LOW INCOME

	All	Women	Men	18-29	30-49	50-64	65+	Low income	High income
Pay-day (short-term non-bank) loan	64.0	51.4	70.9	64.7	64.1	54.2	100.0	56.0	66.2
Loan from family or friend	61.6	56.9	65.6	59.0	63.9	60.0	62.5	67.4	58.6
Personal loan	53.0	52.1	53.8	56.9	54.1	44.6	35.8	63.3	47.9
Investment loan	51.0	44.5	54.8	63.3	51.8	40.0	18.7	37.6	49.1
Home loan	48.7	48.8	48.7	55.2	50.7	42.3	39.5	52.1	43.5
Buy now pay later loan	48.5	44.1	53.8	53.6	48.5	41.8	37.0	56.9	48.2
Credit card debt	43.7	44.4	43.1	56.2	49.2	40.2	29.7	47.4	41.7
OVERALL	39.0	39.4	38.7	45.4	46.9	34.5	22.0	41.7	37.3

HOUSEHOLD BETTER OR WORSE OFF FINANCIALLY THAN AT THE SAME TIME LAST YEAR (NET)



Australians were also asked for the first time to tell us whether they thought their household was better or worse off financially than at the same time last year.

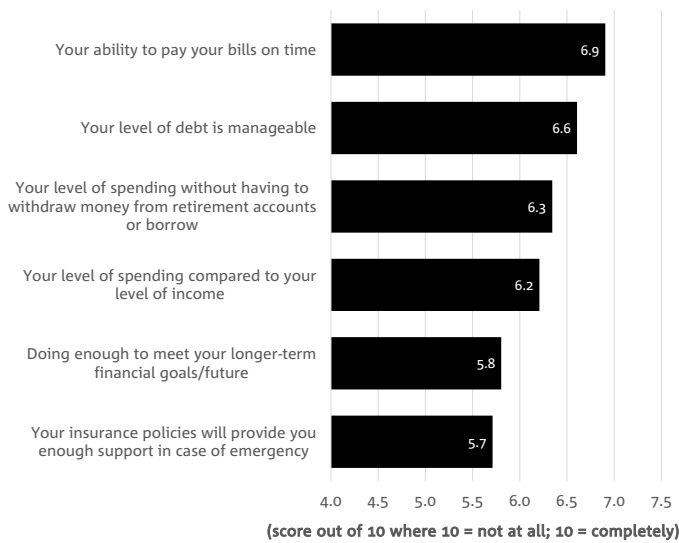
On balance, more (-8%) thought they were worse off. Specifically, 3 in 10 (28%) were worse off (6% “much worse” off and 22% “worse off”), and 2 in 10 (20%) better off (4% “much better off” and 16% “better off”). Around 1 in 2 (51%) said their position was the same.

In net terms, perceptions varied widely across key groups. By gender significantly more women (-14%) on balance were worse off than men (-2%).

A net -19% in the 50-64 age group were worse off. The number who said their position was worse also exceeded those who said it was better in 65+ (-14%) and 30-49 (-6%) groups. Young people (18-29) were the only age group where more thought it had improved than worsened (+7%).

Significantly more low income earners (-34%) were worse off (with 14% much worse off), while a net +13% of high income earners were better off. A net -48% of unemployed people were also worse off (with 25% much worse off), with a net -23% of people who lost their main income due to COVID also worse off.

COMFORT LEVELS AROUND THE FOLLOWING...



Australians were asked to rate their comfort levels for some key things factors that influence their financial wellbeing.

On average, they were most comfortable (at moderate levels) about their ability to pay their bills on time (6.9 pts), followed by having a level of debt that was manageable (6.6 pts), they were spending an amount that did not require them to draw down money from their retirement accounts or have to borrow (6.3 pts) and with the level of their spending relative to their level of income (6.2 pts).

Comfort levels were lowest for having insurance policies that will provide them with enough support in case of an emergency (5.7 pts) and doing enough to meet their longer terms financial goals and future (5.8 pts).

FINANCIAL COMFORT LEVELS: KEY GROUPS

	Overall	Men	Women	18-29	30-49	50-64	65+	Low income	High income	Unemployed	Lost income to COVID
Your ability to pay your bills on time	6.9	7.1	6.8	6.7	6.6	6.8	7.6	6.1	7.3	5.2	6.3
Your level of debt is manageable	6.6	6.7	6.5	6.4	6.4	6.6	7.4	5.7	7.0	5.1	6.1
Your level of spending without having to withdraw money from retirement accounts or borrow	6.3	6.5	6.2	6.3	6.2	6.1	6.9	5.4	6.9	4.5	5.8
Your level of spending compared to your level of income	6.2	6.4	6.0	6.0	6.0	6.1	7.0	5.4	6.7	4.6	5.8
Doing enough to meet your longer-term financial goals/future	5.8	6.2	5.5	5.7	5.5	5.7	6.7	5.0	6.2	4.1	5.3
Your insurance policies will provide you enough support in case of emergency	5.7	6.0	5.5	5.6	5.4	5.8	6.3	5.0	6.0	4.4	5.4

The table above shows comfort levels across key groups, and it reveals that comfort levels can vary widely.

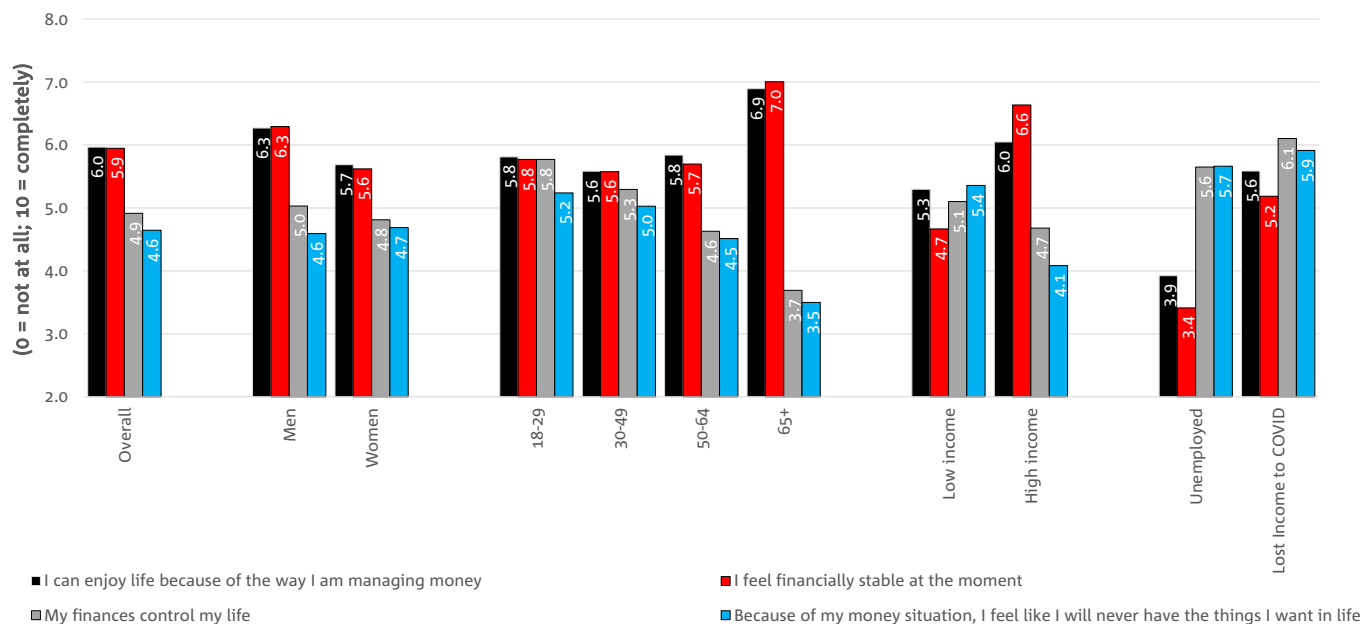
By gender, men were reportedly more comfortable than women across all themes, especially doing enough to meet their longer-terms financial goals (6.4 pts men; 5.5 pts women), having adequate insurance coverage (6.0 pts men; 5.5 pts women) and their level of spending relative to their income (6.4 pts men; 6.0 pts women).

By age, comfort levels were noticeably higher in the over 65 groups for all issues. Somewhat surprisingly however, all age groups below 65 rated their comfort levels for all these themes broadly the same.

Comfort levels for unemployed Australians were substantially lower in all areas, and compared least favourably against the average Australian for spending without having to draw down funds or borrow (4.5 pts unemployed; 6.3 pts average), their ability to pay their bills on time (5.2 pts unemployed; 6.9 pts average), and doing enough to meet their long-term financial goals (4.1 pts unemployed; 5.8 pts average).

The gap between comfort levels for Australians who lost their main source of income due to COVID and the average Australian was biggest for their ability to pay their bills on time (6.3 pts vs. 6.9 pts average).

EXTENT OF AGREEMENT WITH THE FOLLOWING....



Our relationship with money can also have a strong influence on our state of mind and how we view the present and the future. When asked the extent they agreed with 4 key statements, Australians on average most agreed most with the statements “I can enjoy life because of the way I am managing money (6.0 pts) and “I feel financially stable at the moment (5.9 pts). They were in lowest agreement about the statements “Because of my money situation, I feel like I will never have the things I want in life” (4.6 pts) and “My finances control my life” (4.6 pts).

Men were in noticeably higher agreement than women about enjoying life because of the way they were managing their money and feeling financial stable. They were however in broad agreement around the statements that their finances control their lives and never feeling they will have what they want in life because of their money situation.

By age, the over 65 group reported much higher levels of agreement about life enjoyment and financial stability than all other age groups, and also much lower agreement about their finances controlling their lives and feeling like they will never have the things they want in life. Australians in all age groups under 65 were however in broader agreement for all statements, except about their finances controlling their lives and never having the things they want, where agreement was somewhat lower in the 50-64 group than for people under the age of 50.

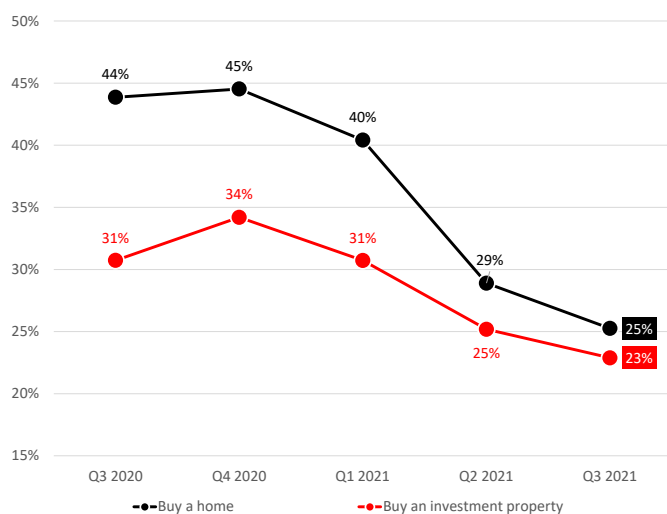
Unemployed Australians were in far lower agreement about feeling financially stable and enjoying life because of the way they manage money than any other group. This group, along with Australians who lost their main source of income due to COVID, also had much higher levels of agreement than the average Australian for feeling their finances control their lives and feeling like they will never have the things they want in life because of their money situation.

IS IT A GOOD TIME TO BUY PROPERTY?

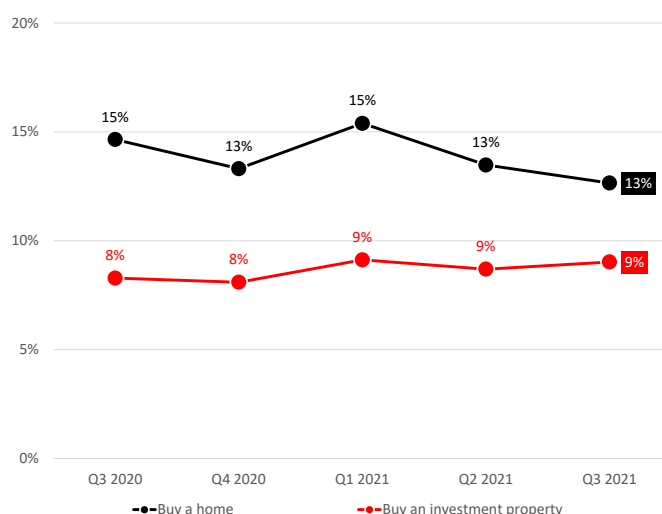
The Australian housing market has been remarkably resilient despite the ongoing lockdowns in the two largest capitals and the sharp slowing in population growth over the past year. The market has been well supported by lower interest rates, the Federal Government’s HomeBuilder program, and a range of state government incentives. The better-than-expected performance of the labour market has also contributed despite the significant disruptions to the economy. That said, house price growth has eased recently (but remains strong), activity has slowed, and approvals for both construction and lending finance have pulled back.

NAB Economics has slightly revised up its forecast for dwelling prices in 2021 based on stronger than expected outcomes in recent months as well as small upgrade to our expectations for Q4 and early-2022 (**NAB Residential Property Survey Q3 2021**). Overall, that sees a very strong print for house prices in 2021 but a sharp slowing in 2022 as the impact of lower interest rates fades and affordability constraints begin to bind.

IS IT A GOOD TIME TO BUY PROPERTY NOW - YES



DO YOU INTEND TO BUY IN NEXT 12M - YES



Against this backdrop, the number of Australians who think now is a good time to buy a home fell for the third consecutive quarter to just 25% in Q3, down from 29% in the previous quarter and well below the same time last year (44%). The number who thought it was a good time to buy an investment property also moderated to 23%, from 25% in the quarter and 31% at the same time last year.

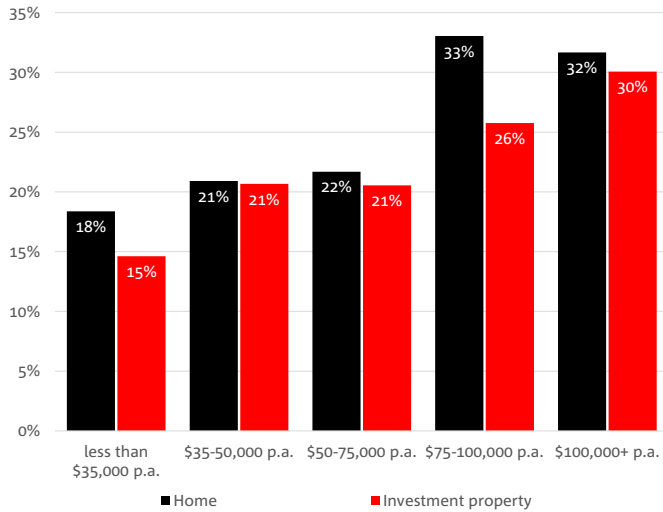
Though perceptions around now being a good time to buy a home were weaker across the country relative to the same time last year, they did improve over the quarter in the ACT to 28% (24% in Q2) and QLD to 26% (23% in Q2). However, they fell quite sharply in WA (26% vs. 36% in Q2), SA (25% vs. 35% in Q2) and TAS (17% vs. 25% in Q2), and more moderately in NSW (23% vs. 26% in Q2) and VIC (37% vs. 32% in Q2). People in all states were also less positive that now was a good time to buy investment property, bar QLD (25% vs. 22% in Q2). Around 1 in 4 in most states still think timing is good now, but lower in TAS (15%) and WA (20%).

Though house price growth is expected to slow sharply next year, the number of Australians who intend to buy a home in the next 12 months fell slightly to 13% (15% in Q2), 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%).

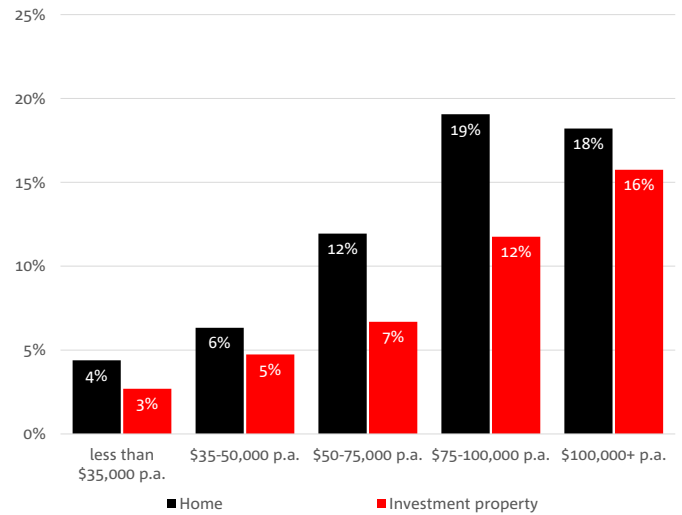
Timing and intent differed significantly by income. Around 1 in 5 Australians earning less than \$75,000 p.a. thought now was a good time to buy a home or investment property - though the lowest income group were somewhat more downbeat about the timing for investment property (15%). In contrast, around 1 in 3 earning over \$75,000 thought it was a good time to buy a home, with 26% earning \$75-100,000 also indicating it was a good time to buy investment property and 30% in the top income group .

Intentions to buy property in the next 12 months increased as incomes grew. In terms of buying a home, just 4% in the lowest income group planned to do so, with this stepping up progressively to around 1 in 5 people earning over \$75,000 p.a. For investment property however, it started at 3% in the lowest income group and stepped up progressively to 16% in the highest income group - see charts below.

IS IT A GOOD TIME TO BUY PROPERTY NOW - INCOME

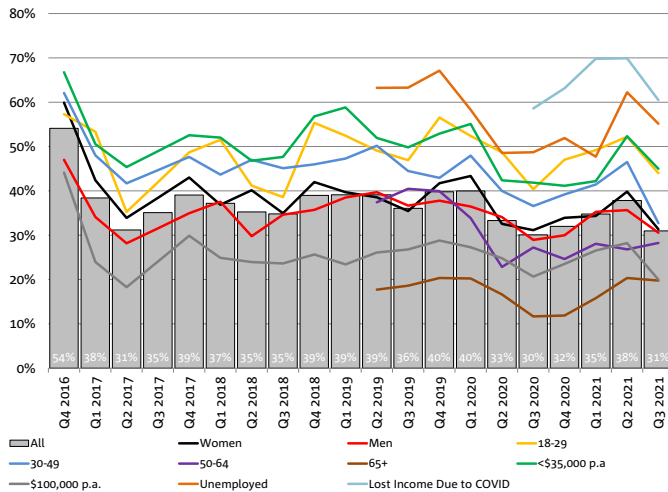


DO YOU INTEND TO BUY IN NEXT 12M - INCOME



HOUSEHOLD FINANCIAL HARDSHIP

NUMBER OF AUSTRALIANS THAT EXPERIENCED FINANCIAL HARDSHIP IN LAST 3 MONTHS

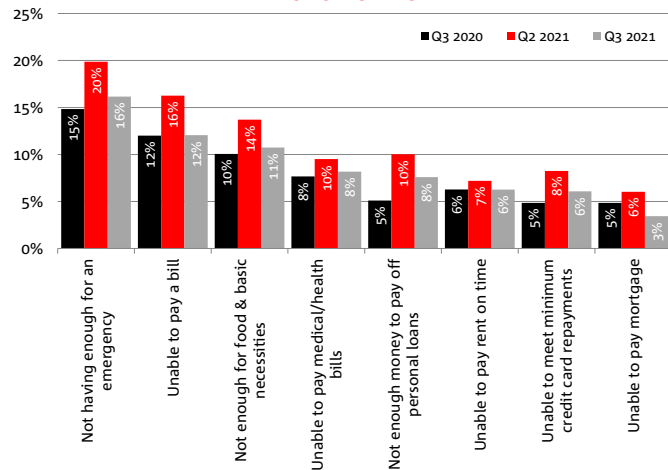


Fewer Australians experienced financial hardship in the past 3 months, falling to a below average 31% (38% in Q2). Fewer women (31%) and men (31%) reported any hardship, down from 40% and 36% respectively in Q2.

Notably fewer Australians under 50 also faced hardship in Q3. Hardship was most prevalent in the 18-29 group at 44% (52% in Q2) and 30-49 group at 33% (47% in Q2). The number of people over 50 who experienced hardship in Q3 was largely unchanged at much lower levels - 28% in the 50-64 group and 20% in the over 65 group.

Despite falling, over twice as many low income earners (45%) reported some form of financial hardship than in the highest income group (20%). Hardship was most prevalent among those who lost their main income due to COVID (60%) and the unemployed (55%), but down from 70% and 62% respectively in Q2.

TYPE OF FINANCIAL HARDSHIP EXPERIENCED IN THE LAST 3 MONTHS



Not having enough for an emergency was again the most common cause of hardship for 16% of all Australians (20% in Q2). It was however higher for women (18%), in the 18-29 group (26%), low income earners (23%), people who lost their main income because of COVID (29%) and the unemployed (32%).

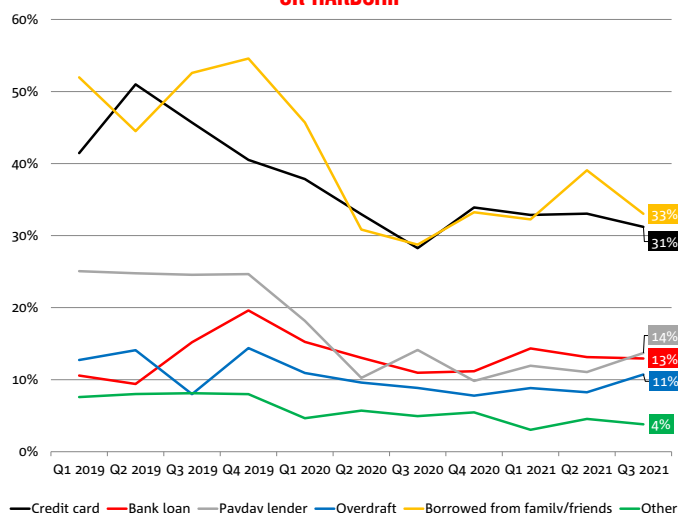
Being unable to pay a bill was the next biggest cause, affecting 12% overall, followed by not having enough for food or basic necessities (11%). Around 3 in 10 unemployed people struggled to pay a bill (29%) or had enough for food and basic necessities (28%).

Other areas where some struggled more included medical bills and rent in the 18-29 age group and meeting credit card and mortgage repayments for people who lost their main income due to COVID. Low income earners also faced more hardship than high income earners in most areas, except meeting their credit card repayments.

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	18%	14%	26%	18%	13%	8%	23%	12%	32%	29%
Unable to pay a bill	13%	11%	16%	16%	9%	5%	19%	8%	29%	23%
Not enough for food & basics	12%	10%	17%	13%	9%	4%	18%	6%	28%	21%
Unable to pay med/health bills	9%	7%	15%	10%	6%	2%	11%	6%	16%	17%
Not enough to pay pers. loans	7%	8%	13%	11%	4%	2%	10%	7%	15%	19%
Unable to pay rent on time	5%	7%	14%	8%	1%	1%	11%	3%	17%	17%
Not meet min credit card repay	5%	8%	11%	8%	3%	2%	5%	8%	8%	15%
Unable to pay mortgage	3%	4%	6%	4%	3%	0%	2%	5%	5%	10%

TYPE OF DEBT USED TO MANAGE FINANCIAL STRESS OR HARDSHIP



Loans from family and friends was used by 1 in 3 (33%) Australians to help them manage the financial hardship they had experienced - though this was down from 39% in the previous quarter.

Credit cards was next most popular and was used by 31% of people in hardship (down slightly from 33% in Q2).

Next was payday lenders (14% up from 11% in Q2), bank loans (unchanged at 13%) and overdrafts (11% up from 8% in Q2). Around 4% resorted to 'other' measures to try and manage.

The table below shows more men turned to all of these options than women, except borrowing from family and friends or other means. In particular, a lot more men than women used their credit cards (40% vs. 23%), bank loans (19% vs. 7%) or went into overdraft (15% vs. 6%).

By age, noticeably more Australians in the 18-29 group borrowed from family and friends (40%), took out bank loans (20%) or went in overdraft (16%). Australians over the age of 65 were most likely to have used credit cards (39%), and the 30-49 group a payday lender (18%).

Considerably more low-income earners also leaned on family and friends for help (41%), but noticeably more in the highest income group used credit cards (41%), bank loans (23%) and overdrafts (15%).

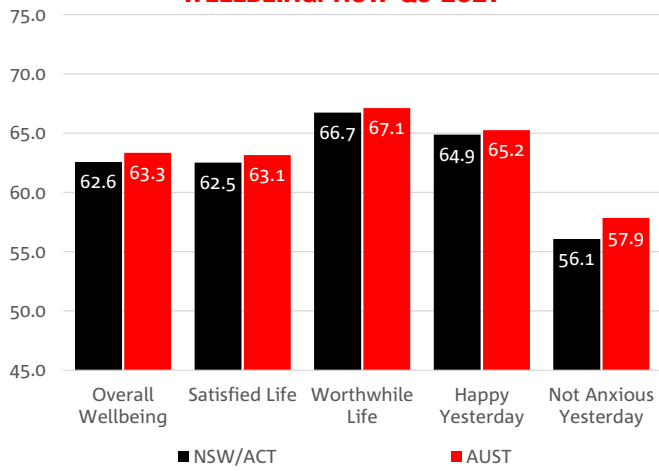
Over 4 in 10 (44%) unemployed people leaned on family and friends and 1 in 5 (20%) used credit cards. Around 4 in 10 people who lost their main source of income due to COVID also leant on family and friends (38%) or used credit cards (36%). This group was also more likely to have also used a bank loan (22%) to manage.

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

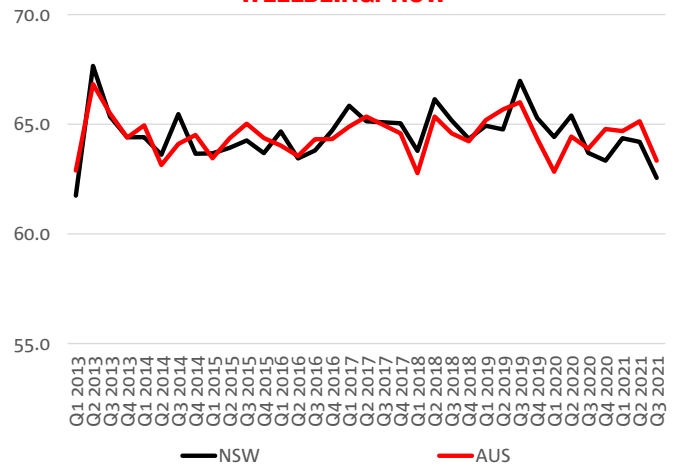
	Women	Men	18-29	30-49	50-64	65+	Low income	High income	Unemp	Income lost to COVID
Borrowed from family/friends	35%	31%	40%	34%	24%	17%	41%	25%	44%	38%
Credit card	23%	40%	28%	34%	27%	39%	18%	41%	20%	36%
Payday lender	11%	17%	14%	18%	2%	11%	15%	20%	13%	16%
Bank loan	7%	19%	20%	14%	3%	1%	3%	23%	4%	22%
Overdraft	6%	15%	16%	11%	4%	0%	7%	15%	8%	15%
Other	6%	2%	2%	4%	5%	6%	5%	2%	4%	2%

APPENDIX 1: NAB WELLBEING INDEX: BY STATE

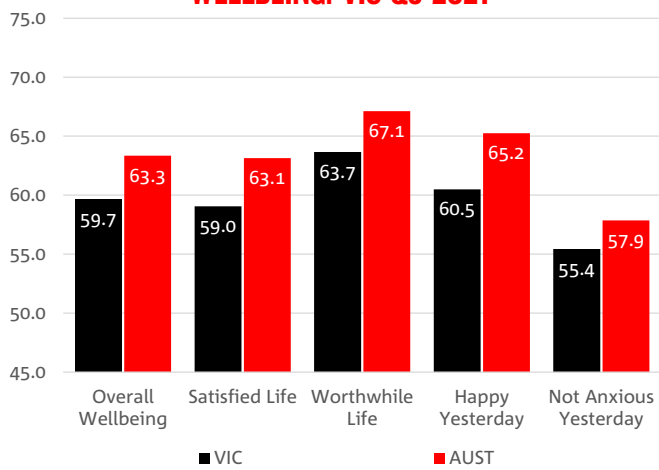
WELLBEING: NSW Q3 2021



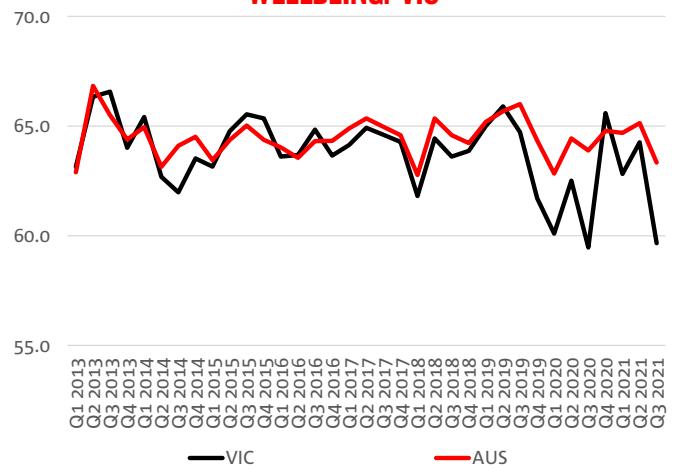
WELLBEING: NSW



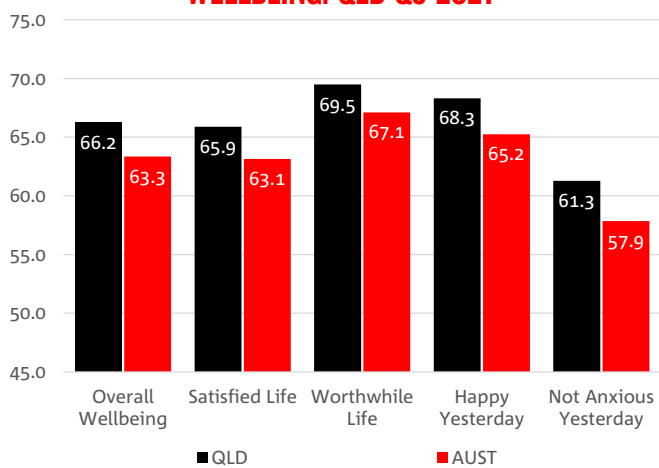
WELLBEING: VIC Q3 2021



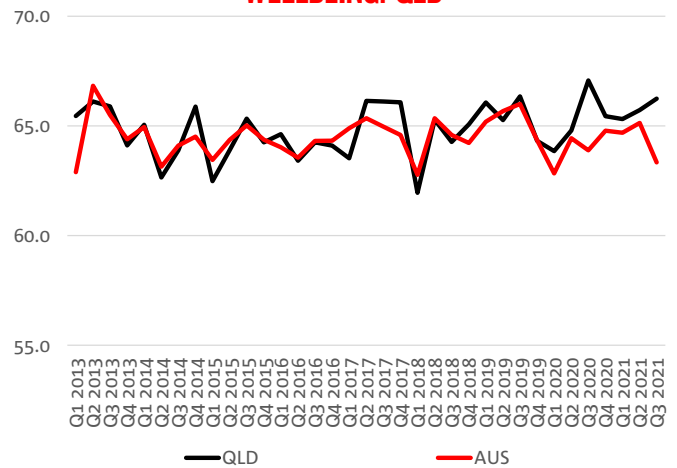
WELLBEING: VIC



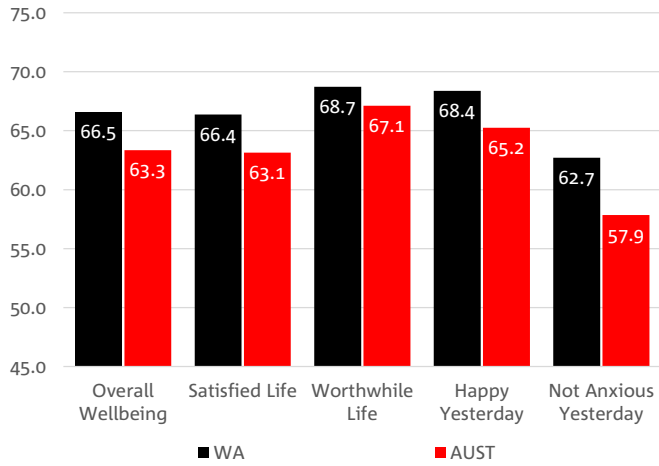
WELLBEING: QLD Q3 2021



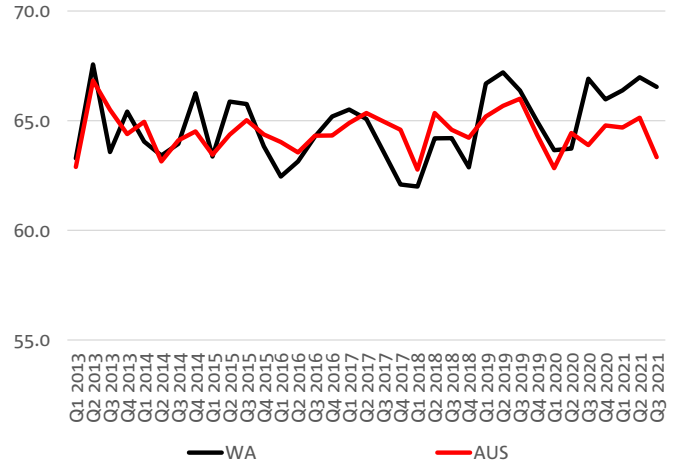
WELLBEING: QLD



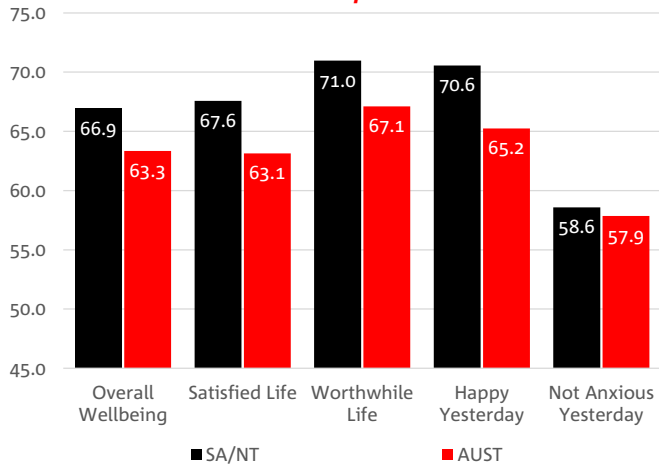
WELLBEING: WA Q3 2021



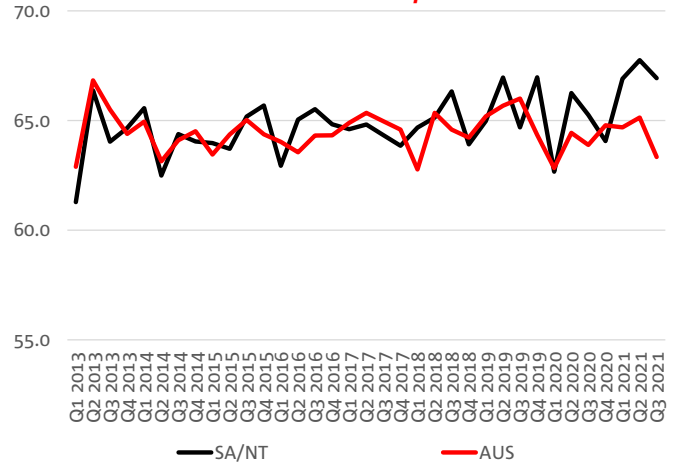
WELLBEING: WA



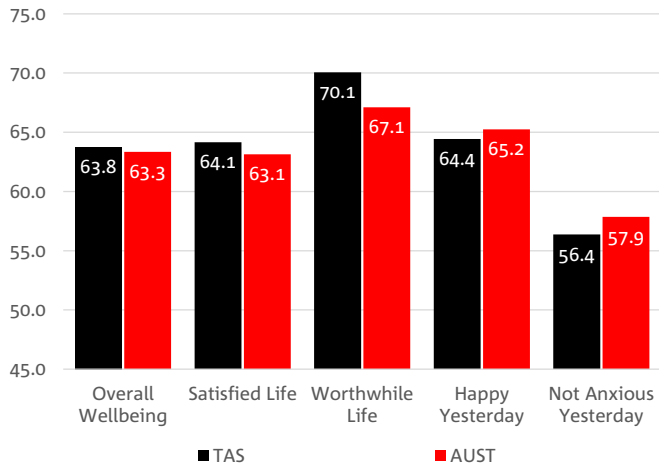
WELLBEING: SA/NT Q3 2021



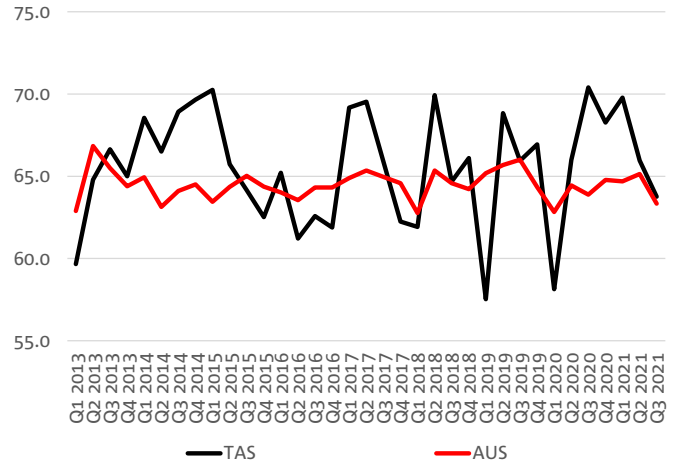
WELLBEING: SA/NT



WELLBEING: TAS Q3 2021

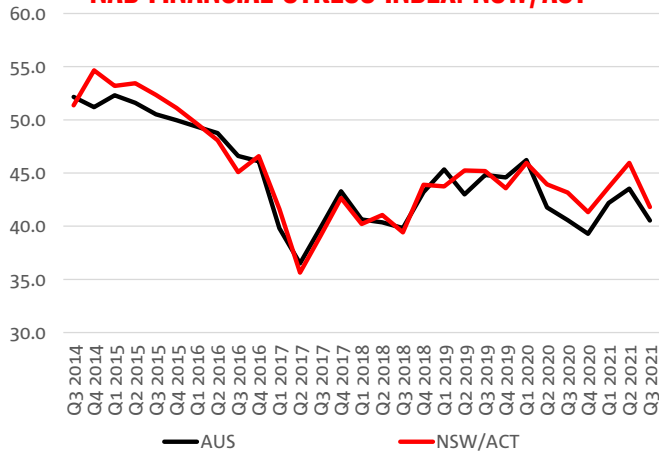


WELLBEING: TAS

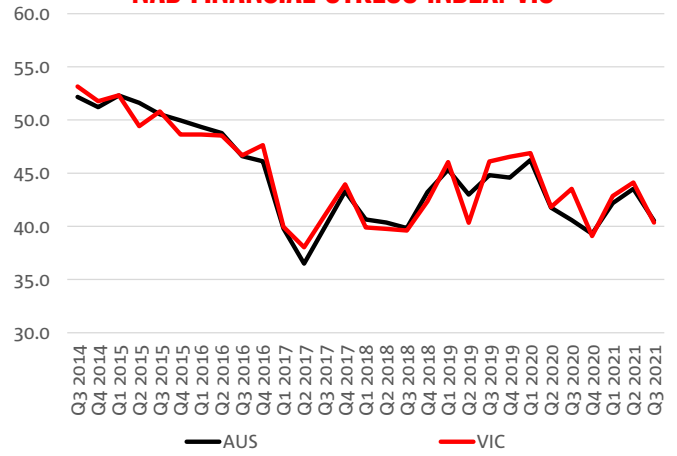


APPENDIX 2: FINANCIAL STRESS INDEX: BY STATE

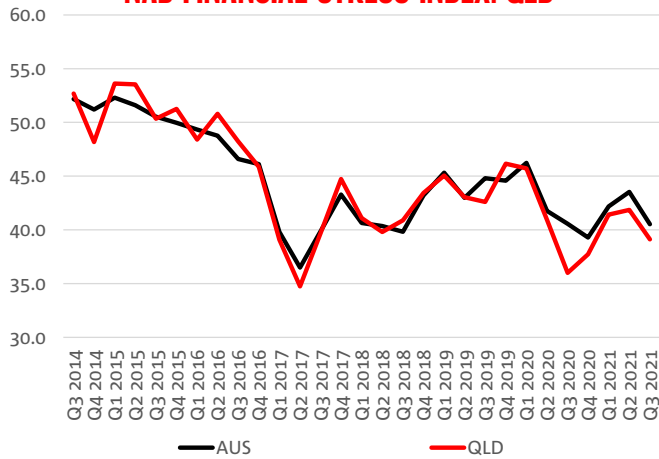
NAB FINANCIAL STRESS INDEX: NSW/ACT



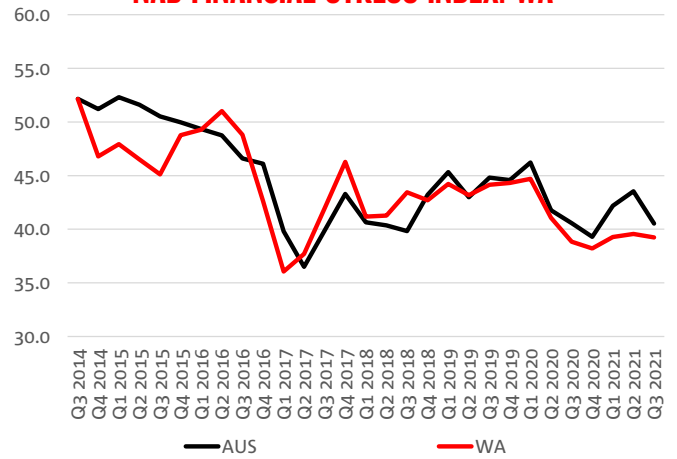
NAB FINANCIAL STRESS INDEX: VIC



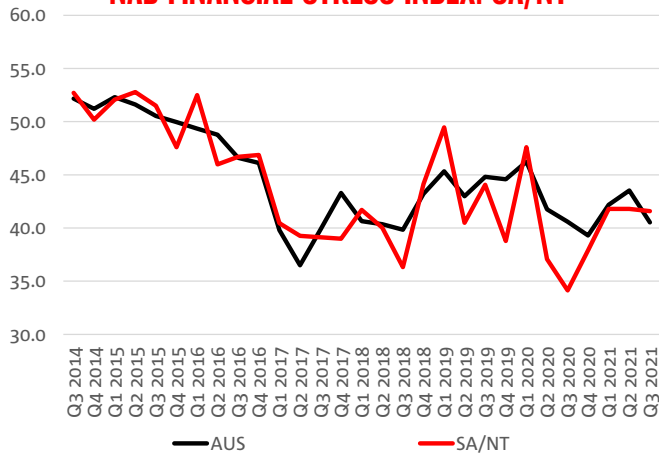
NAB FINANCIAL STRESS INDEX: QLD



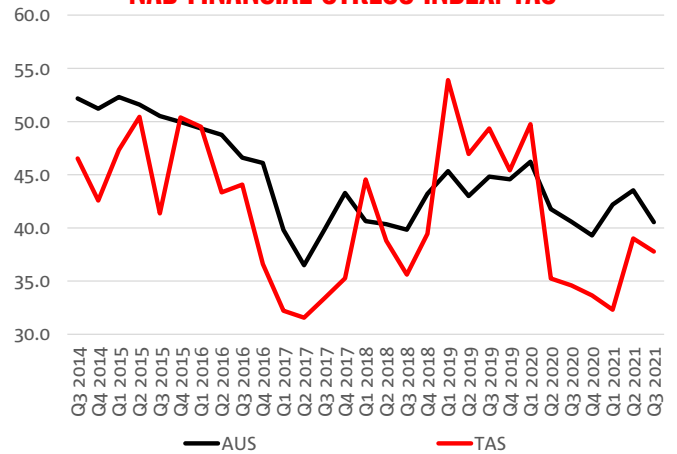
NAB FINANCIAL STRESS INDEX: WA



NAB FINANCIAL STRESS INDEX: SA/NT



NAB FINANCIAL STRESS INDEX: TAS



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