

more
than
money



NAB Consumer Insights

Q1 2023

Financial Hardship - Who is struggling & what are the key drivers?

Key Findings

Over 4 in 10 Australians experienced some form of financial hardship in Q1, the highest level in 6 years. 1 in 4 believe they are really struggling to make ends meet. Almost 1 in 4 people experiencing hardship missed a bill payment and 1 in 20 a mortgage repayment.

In Q1 2023, over 4 in 10 (42%) Australians experienced some form of financial hardship, amid rising inflation and cost of living pressures - the highest level since 2017. Financial hardship is trending above average across all age groups, but particularly those aged 30-49 (50% vs. 45% in Q4'22) and 18-29 (49% down from 57% in Q4'22). Women facing hardship was steady at 44% but rose to 40% among men (37% in Q4'22). By income, it increased in the \$50-75,000 (49% vs. 46% in Q4'22) and \$75-100,000 income groups (44% vs. 41% in Q4'22), but was broadly unchanged in all other groups (albeit above average levels). There continues to be a large gap among those in lower income groups (unchanged at 51%) compared to higher incomes (32% vs. 31% in Q4'22).

Overall, 1 in 4 (24%) Australians believe they are struggling "very much" to make ends meet (i.e. scored 8+ pts), up from 22% in Q4'22. There was a noticeable jump among those aged 30-49 (31% vs 26% in Q4'22). The share also increased among those aged 50-64 (23% vs 21% in Q4'22) and over 65 (16% vs. 14% in Q4'22). By comparison the share fell slightly in the 18-29 age group (21% vs. 23% in Q4'22). The number of women struggling climbed to 28% (25% in Q4'22) and remains noticeably higher than men (20% vs. 19% in Q4'22).

Around 1 in 3 (33%) people earning less than \$50,000 really struggled in Q1. Though unchanged in the lower income group, it rose from 27% to 33% among those earning \$35-50,000. Around 1 in 4 in income groups between \$50-100,000 also struggled, compared to 16% in higher income groups (vs. 14% in Q4'22). In mid-range income groups, hardship trended in a narrow range - from 44% (\$75-100,000) to 49% (\$50-75,000).

Slightly more Australians experienced financial hardship across all measures. The biggest cause (for almost 1 in 4 or 24%) was not having enough for an emergency (21% in Q4'22 and 15% the same time last year). Not having enough for food & basic necessities (17% up from 16%) and being unable to pay a bill (15% up from 14%) were the next most common causes. Over 1 in 10 (13%) were unable to pay medical or healthcare bills (also up from 7% at the same time last year). Despite rising mortgage interest rates, being unable to meet mortgage repayments caused the least hardship - 6% in Q1 from 5% in Q4'22 (vs. 3% one year ago). Not being able to pay rent on time impacted an unchanged 7% of people suffering hardship, while the number unable to meet minimum credit card repayments or not having enough to pay off personal loans both rose from 6% to 8%.

By gender, significantly more women did not have enough for an emergency (28% vs. 20% men), food & basic necessities (20% vs. 14%), or medical or healthcare bills (16% vs. 11%). Not having enough for an emergency impacted most people in all age groups - though noticeably more in the 18-29 (31%) group. Almost 1 in 10 Australians under 50 experiencing hardship said they were unable to pay their mortgage in Q1. By income, a much higher number earning less than \$50,000 did not have enough for an emergency (31%). Being unable to pay a bill (19%) or meeting minimum credit card repayments (10%) impacted somewhat more in the \$75,000 income group. They were also among the most heavily impacted for not having enough for food & basic necessities (21%) along with lower income groups (23%). Also apparent was the somewhat higher number in the \$50-75,000 income group unable to pay their mortgage in Q1 (11%, or about twice the national average).

A growing number of Australians (almost 1 in 4 or 24%), missed a bill payment in last 3 months - up from 20% in Q4'22 and 18% the same time last year. Around 1 in 3 people in the 18-29 and 30-49 age group missed a payment. The number was largely unchanged in the 18-29 group (33%) but rose steeply in the 30-49 age group (32% vs. 23% in Q4'22). More in the 50-64 (16% up from 14%) and over 65 (8% up from 7%) also missed a payment. A greater number of women (25% vs. 20% in Q4'22) missed a payment than men (22% vs. 20% in Q4'22) in Q1. By income, the number was highest (and increased) in both the \$75-100,000 (32%) and \$50-75,000 (30%) income groups, and lowest (and fell sharply) among those on higher incomes (10% vs. 17% in Q4'22).

The most common type of payments missed was an electricity, gas, or water bill (11% up from 9%), a phone or internet bill (10% up from 9%), a repayment on loans from family or friends (9% up from 7%) and credit card repayments (9% up from 6%). An unchanged 3% of Australians missed an investment loan repayment, 5% a payday loan (up from 4%) repayment, and an unchanged 5% a mortgage repayment. *Note, this represents the share of those that experienced hardship not a share of the total Australian population.*

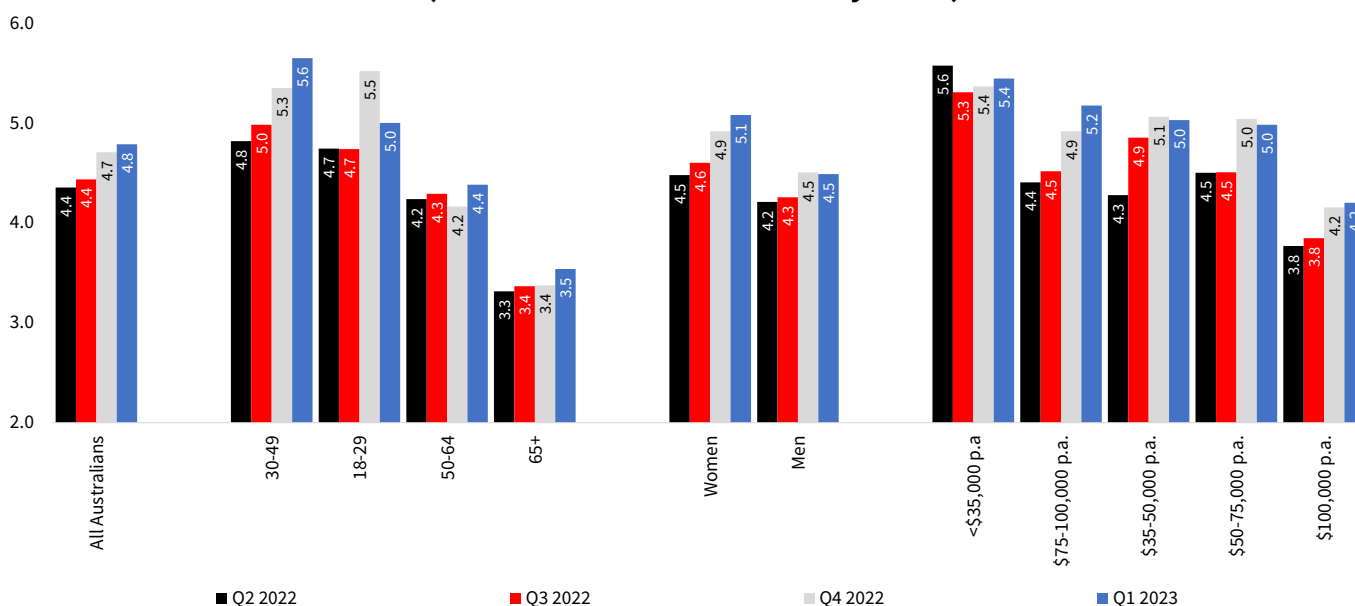
By age, more Australians in the 18-29 group missed a payment on loans from family or friends (16%), BNPL (14%), rent (11%) and personal loans (10%), and more people in the 30-49 age group electricity, gas, or water bills (14%), credit cards (14%), and home loan or mortgage (10%). The biggest outlier by income in Q1 was the \$50-75,000 income group, where the highest number missed a payment in nearly all categories, particularly loans from family or friends (13%), BNPL (12%), rent (10%), home loans or mortgages (11%), and payday loans (9%).

Struggling to make ends meet

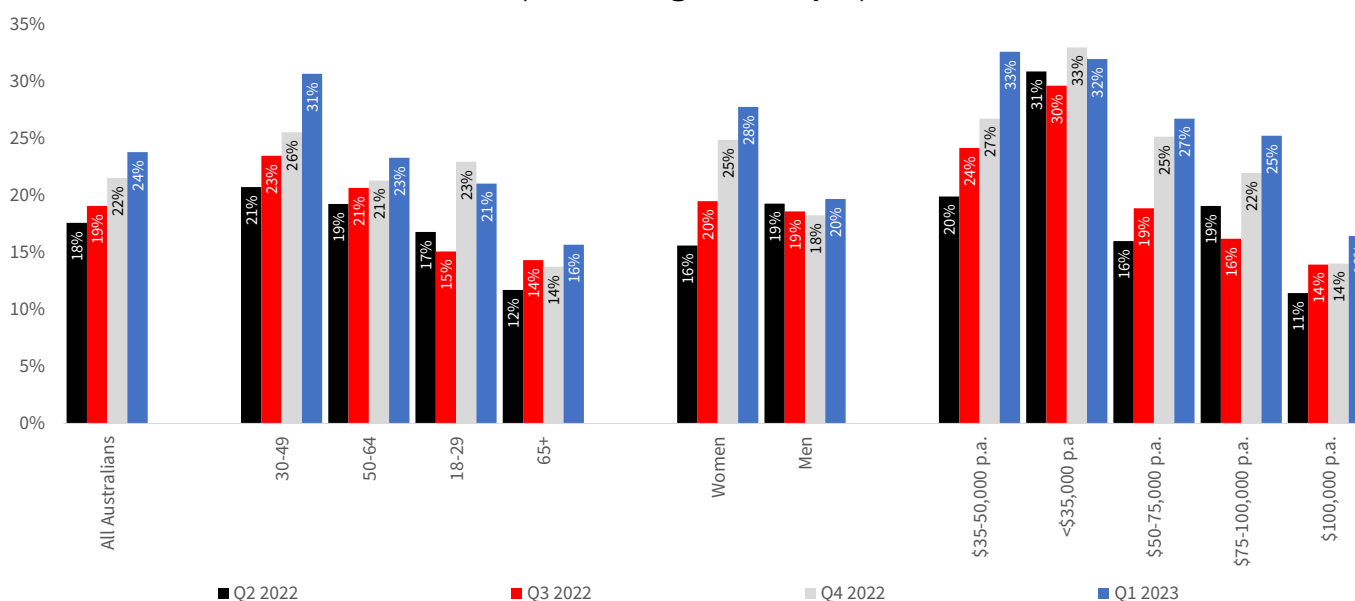
Australians on average believe they're not struggling too hard to make ends meet - though with inflation and cost of living pressures continuing to weigh on household budgets, they weren't coping quite as well in Q1. When asked to rate the extent they felt they were struggling, they scored 4.8 pts out of 10 (where 10 signals they are struggling 'very much') - though this has been steadily climbing over the past year.

Australians in all age groups struggled a little more to make ends meet in Q1, except the 18-29 group (5.0 pts from 5.5 pts in Q4'22). People aged 30-49 group struggled most (5.6 pts up from 5.3 pts in Q4'22), those aged over 65 the least (3.5 pts). Women (5.1 pts up from 4.9 pts) struggled somewhat more than men (unchanged at 4.5 pts) in Q1. The Q1 results again found no strong link in the extent people were struggling to make ends meet by income. Though the gap was widest between lower (5.4 pts) and higher income earners (4.2 pts), it ranged from 5.0 pts in the \$50-75,000 group to 5.2 pts in the \$75-100,000 (also the only group where people struggled more to make ends meet than in the previous quarter).

Extent you feel you are struggling to make ends meet (score out of 10 where 10 = very much)



Extent you feel you are struggling to make ends meet (scored "high" i.e. 8+ pts)



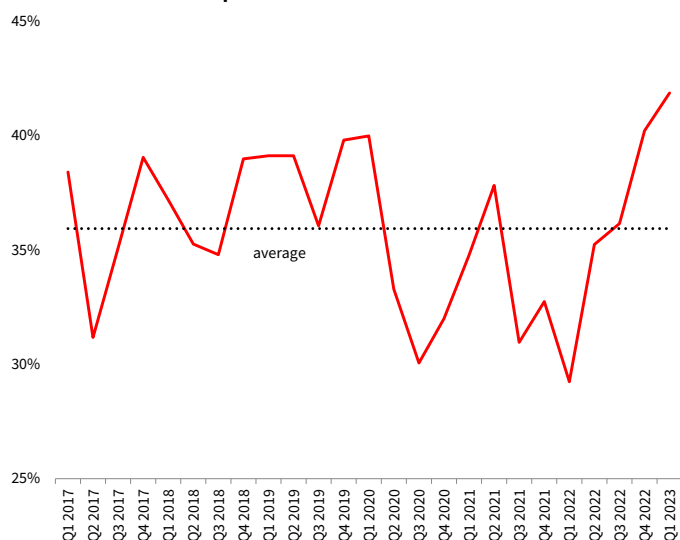
The average score did however mask a very high and growing number of Australians struggling hard to make ends meet. Overall, 1 in 4 (24%) people struggled “very much” to make ends meet in Q1 (i.e. scored 8+ pts). This was up from 22% in Q4’22 and has now climbed from 18% in Q2’22.

The latest results showed a very large jump in the 30-49 age group struggling hard to make ends meet to 31% (26% in Q4’22). It also increased from 21% to 23% in the 50-64 group, and from 14% to 16% in the over 65 group. In the 18-29 age group, it fell to 21% (23% in Q4’22). The number of women really struggling climbed to 28% (25% in Q4’22), and remains noticeably higher than for men (20% up from 19% in Q4’22).

Around 1 in 3 (33%) people earning less than \$50,000 really struggled in Q1. Though this number was unchanged in the lowest income group, it climbed from 27% to 33% in the \$35-50,000 group. Around 1 in 4 people in income groups between \$50-100,000 also struggled very much in Q1, compared to 16% in higher income groups (up from 14% in Q4’22).

Number of Australians experiencing financial hardship

No. of Australians that experienced financial hardship in the last 3 months: Overall



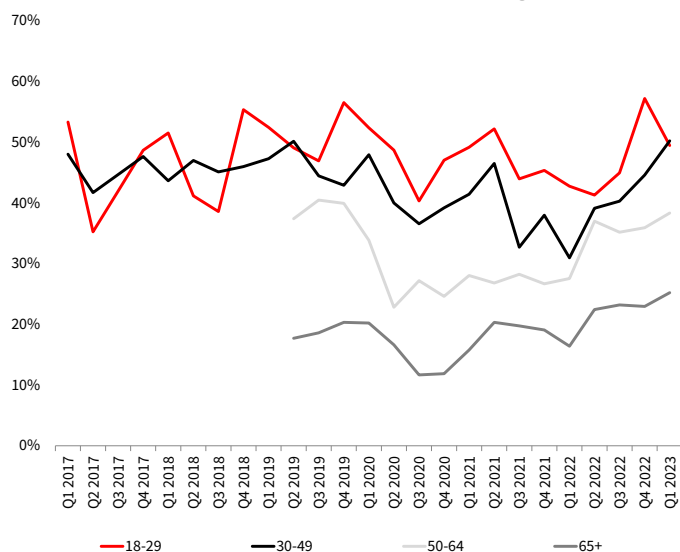
Financial hardship can happen at any time, and is often the result of sickness, job loss or over-commitment. Rising interest rates and cost of living are now also causing financial distress in more households.

In Q1, over 4 in 10 (42%) Australians experienced some form of financial hardship. This was up from 40% in the previous quarter and continued the trend increase noted from the start of 2022 amid rising inflation and cost of living pressures.

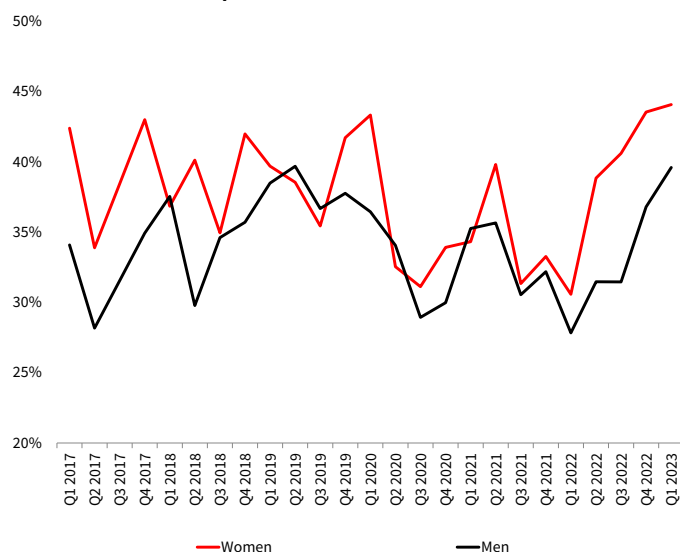
Financial hardship trended above average levels in all age groups in Q1. It was highest and rose noticeably in the 30-49 age (50% up from 45% in Q4’22). Almost 1 in 2 (49%) in the 18-29 group were also impacted, though this fell from 57% in Q4’22. Hardship levels also crept up in the 50-64 (38% from 36%) and over 65 (25% from 23%) age groups in Q1.

The number of women that faced hardship in Q1 was steady at 44%, but rose to 40% of men (37% in Q4’22). Hardship levels remain well above survey average levels for both women (38%) and men (34%) - see charts below

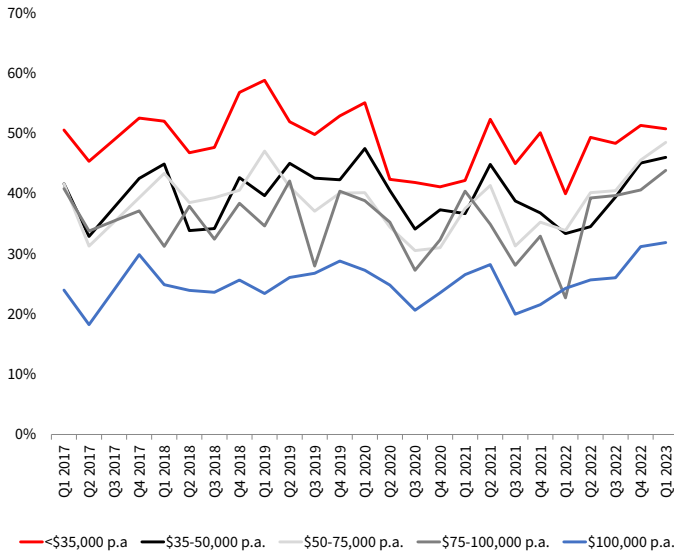
No. of Australians that experienced financial hardship in the last 3 months: Age



No. of Australians that experienced financial hardship in the last 3 months: Gender



No. of Australians that experienced financial hardship in the last 3 months: Income



The number of people that experienced some form of financial hardship increased in the \$50-75,000 income group (49% up from 46% in Q4'22) and the \$75-100,000 income group (44% up from 41% in Q54'22). It was broadly unchanged in all other groups, but continued to print at above survey average levels in all groups.

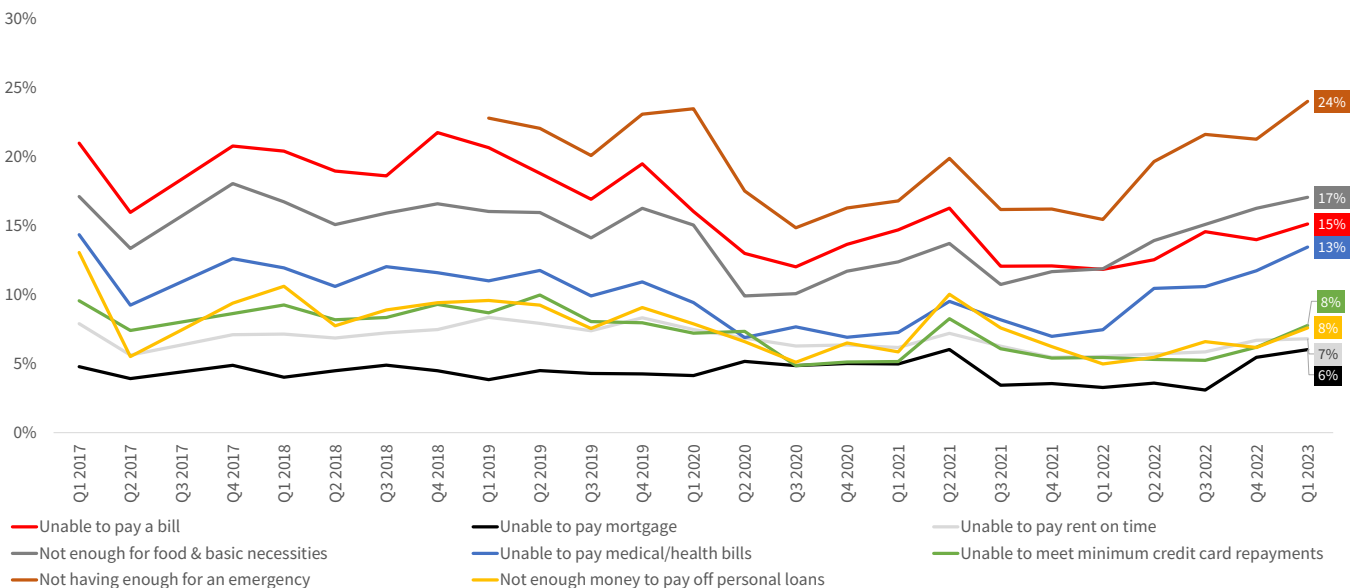
We continue to see a very large gap in hardship levels being reported in lower income groups (unchanged at 51%) and higher income groups (32% up slightly from 31% in Q4'22).

In mid-range income groups, the number of people that experienced hardship in Q1 trended in a narrow range from 44% in the \$75-100,000 income group to 49% in the \$50-75,000 group.

Type of financial hardships experienced

Slightly more Australians experienced financial hardship across all measures in Q1. Almost 1 in 4 (24%) who experienced hardship in the past 3 months said it was caused by not having enough money for an emergency. This was up from 21% in the previous quarter and significantly higher than at same time last year (15%). Not having enough for food & basic necessities (17% up from 16%) and being unable to pay a bill (15% up from 14%) were the next most common causes of hardship, and also somewhat higher than at the same time last year (12% respectively). Over 1 in 10 (13%) people were unable to pay medical or healthcare bills (also up sharply from 7% at the same time last year). Despite rising mortgage interest rates, being unable to meet mortgage repayments caused the least hardship - though the number unable to do so rose to 6% in Q1 from 5% in Q4'22 and double that one year ago (3%). Not being able to pay rent on time impacted an unchanged 7% of people who suffered hardship, with the number unable to meet minimum credit card repayments or not having enough to pay off personal loans both rising from 6% to 8%.

Type of financial hardship experienced in the last 3 months



Type of financial hardship experienced in the last 3 months: key groups

	Not having enough for an emergency	Not enough for food & basic necessities	Unable to pay a bill	Unable to pay medical/health bills	Unable to meet minimum credit card repayments	Not enough money to pay off personal loans	Unable to pay rent on time	Unable to pay mortgage
All Australians	24%	17%	15%	13%	8%	8%	7%	6%
Women	28%	20%	17%	16%	8%	8%	7%	5%
Men	20%	14%	14%	11%	8%	7%	7%	7%
18-29	31%	24%	20%	17%	10%	13%	12%	8%
30-49	27%	22%	19%	17%	10%	10%	9%	9%
50-64	22%	15%	13%	12%	6%	4%	4%	4%
65+	15%	6%	7%	7%	3%	2%	1%	1%
<\$35,000 p.a.	31%	23%	17%	18%	6%	8%	5%	3%
\$35-50,000 p.a.	31%	19%	17%	12%	9%	8%	10%	5%
\$50-75,000 p.a.	27%	17%	17%	17%	7%	8%	8%	11%
\$75-100,000 p.a.	23%	21%	19%	14%	10%	9%	10%	8%
\$100,000 p.a.	19%	13%	11%	10%	7%	8%	5%	5%

By gender, significantly more women did not have enough for an emergency (28% women; 20% men), food & basic necessities (20% women; 14% men), or medical or healthcare bills (16% women; 11% men).

Not having enough for an emergency impacted most people in all age groups - though noticeably more in the 18-29 (31%) group. Significantly more people under the age of 50 also experienced financial hardship for all other measures than those over 50. Almost 1 in 10 Australians under 50 that experienced hardship said they were unable to pay their mortgage in Q1.

By income, we noted a much higher number of people earning less than \$50,000 that did not have enough money for an emergency (31%). Being unable to pay a bill (19%) or meet minimum credit card repayments (10%) impacted somewhat more people in the \$75,000 income group. They were also among the most heavily impacted for not having enough for food & basic necessities (21%) along with lower income groups (23%). Also apparent was the somewhat higher number in the \$50-75,000 income group unable to pay their mortgage in Q1 (11% or about twice the national average).

Missed bills or loan repayments

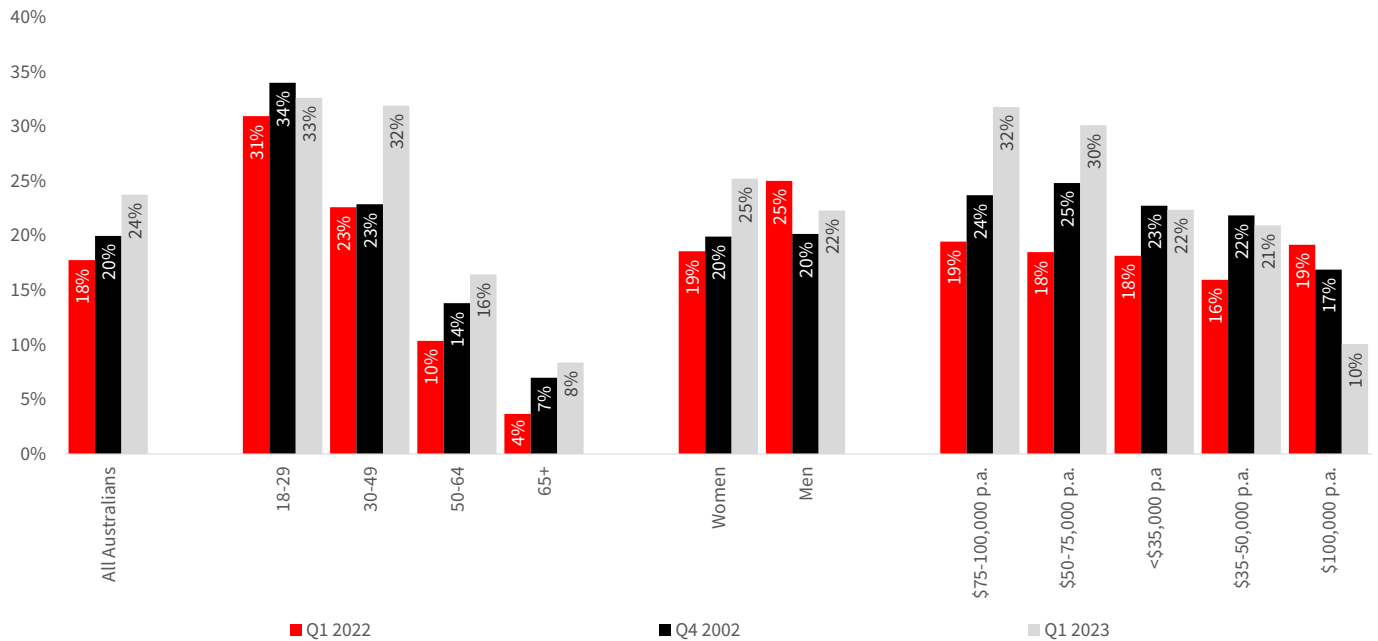
A growing number of Australians missed a bill, loan or insurance repayment in last 3 months. In Q1, it climbed to almost 1 in 4 (24%) people. This was up from 20% in the previous quarter and 18% at the same time last year.

Around 1 in 3 people in the 18-29 and 30-49 age group missed a payment in the last 3 months. Though the number that missed a payment was largely unchanged in the 18-29 group (33%), it rose steeply in the 30-49 age group to 32% (23% in Q4'22). More people in the 50-64 (16% up from 14%) and over 65 (8% up from 7%) also missed a payment in Q1.

A greater number of women (25% up from 20% in Q4'22) missed a payment than men (22% up from 20% in Q4'22) in Q1.

There was no relationship with income, with the number who missed a payment in the last 3 months highest (and increased) in both the \$75-100,000 (32%) and \$50-75,000 (30%) income groups. It was lowest and fell sharply in higher income groups to 10% (17% in Q4'22).

No. of people who have missed a payment over last 3 months (%)

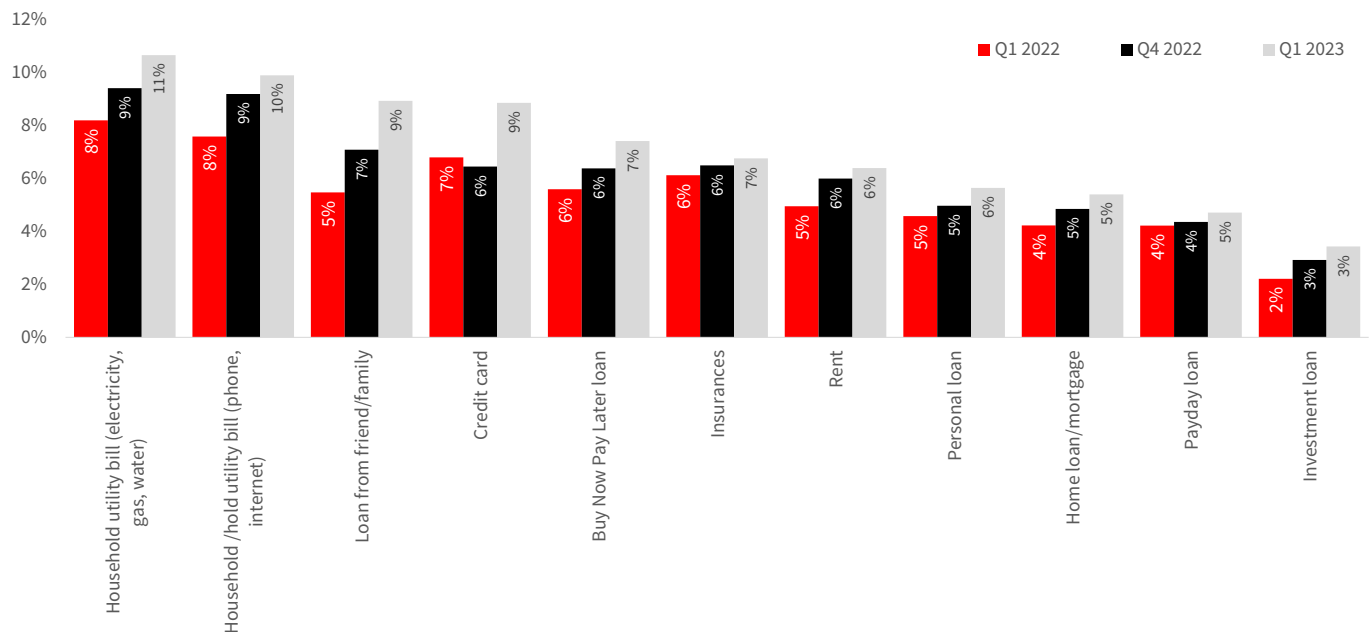


Australians were also asked to specify what payments they missed. They missed more payments on all specified types of loans, bills or insurances than in the previous quarter and compared to the same time last year.

The most common type of missed payment was an electricity, gas or water bill (11% up from 9%), a phone or internet bill (10% up from 9%), a repayment on loans from family or friends (9% up from 7%) and credit card repayments (9% up from 6%).

An unchanged 3% of Australians missed an investment loan repayment, 5% a payday loan (up from 4%) repayment, and an unchanged 5% a mortgage repayment - see chart below.

Type of payment missed in the last 3 months



Missed a payment in the last 3 months: gender, age & income

	All	18-29	30-49	50-64	65+	Men	Women	<\$35,000 p.a.	\$35-50,000 p.a.	\$50-75,000 p.a.	\$75-100,000 p.a.	\$100,000+ p.a.
H/hold utility bill (electricity, gas, water)	11%	11%	14%	10%	5%	9%	12%	11%	11%	15%	15%	7%
H/hold utility bill (phone, internet)	10%	13%	13%	9%	3%	9%	11%	11%	9%	14%	12%	7%
Loan from friend/family	9%	16%	12%	5%	1%	9%	9%	9%	9%	13%	9%	8%
Credit card	9%	9%	14%	7%	3%	9%	8%	6%	6%	12%	14%	8%
Buy Now Pay Later loan	7%	14%	11%	3%	0%	6%	9%	8%	4%	12%	9%	6%
Insurances	7%	8%	9%	6%	3%	6%	7%	6%	4%	9%	8%	6%
Rent	6%	11%	8%	4%	1%	6%	7%	6%	7%	10%	6%	5%
Personal loan	6%	10%	8%	2%	1%	7%	5%	4%	4%	8%	8%	5%
Home loan/mortgage	5%	5%	10%	2%	1%	6%	5%	2%	3%	11%	7%	5%
Payday loan	5%	7%	8%	1%	0%	5%	5%	3%	4%	9%	4%	5%
Investment loan	3%	5%	6%	1%	0%	5%	2%	1%	2%	6%	6%	3%

By age, more Australians in the 18-29 group missed a payment on loans from family or friends (16%), BNPL (14%), rent (11%) and personal loans (10%), and more people in the 30-49 age group electricity, gas or water bills (14%), credit cards (14%), and home loan or mortgage (10%).

By gender, the biggest difference was the higher number of women that missed and electricity, gas or water bill payment (12% women; 9% men), and men an investment loan repayment (5% men; 2% women).

The biggest outlier by income in Q1 was the \$50-75,000 income group, where the highest number missed a payment in nearly all categories, particularly loans from family or friends (13%), BNPL (12%), rent (10%), home loans or mortgages (11%), and payday loans (9%).

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