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NAB Australian Wellbeing Survey Q3-2023

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Q3-2023

Household financial stress eases after rising for the past 6 quarters as Australians grow more accustomed to a number of ongoing pressures. But financial concerns are still climbing among lower income earners. Cost of living remains the biggest worry for all Australians. Home ownership is clearly correlated with higher wellbeing.

NAB Behavioural and Industry Economics

The **NAB Australian Wellbeing Index** improved slightly in Q3 after falling to a 2-year low in the previous quarter but remains well below the survey average. Australians reported higher wellbeing across all measures, however, anxiousness continued to rise. Our sense of life worth added most to overall wellbeing.

Home ownership continues to be correlated with wellbeing, with those living in their own house or apartment reporting significantly higher wellbeing than renters. Homeowners (with or without a mortgage), report much higher levels of life satisfaction, life worth, happiness and lower anxiety. And the benefits to wellbeing of house ownership are even greater than for apartment owners. Our homes mean more to us than their intrinsic financial value, satisfying our innate desire for safety. Home ownership is making the biggest difference to wellbeing in the uplift it provides to standard of living, mental health and the ability to fund retirement.

Cost of living was again the biggest detractor from wellbeing for most Australians, followed by other debts. Other key detractors include events such as victimisation or abuse, lack of time, our mortgages and substance use. Around 6 in 10 (57%) Australians identified living costs as the biggest cause of their stress (down slightly from 61% in Q2), still well ahead of personal financial issues, health (both physical and mental), housing costs and the economy.

Concerns around living and housing costs are most pronounced for Australians aged 30-49 and those on lower incomes. The deterioration in housing affordability is one factor adding to the cost of living pressures faced by households at the current juncture. Rents growth has also been high and the time to save a

deposit metrics also points to a weakening in accessibility - with the time to save for a deposit rising to very high levels.

A much higher number of younger people in the 18-29 group identified mental health, work, friendship, and study issues. While stress overall is substantially lower, the political climate and international conflicts is causing more stress in the over 65 age group.

Self-reported health outcomes also improved in Q3. On average, Australians rated their emotional & mental health highest, followed by social health, with physical health better but still the weakest of all components of health. Men continue to report better health outcomes than women in all areas, especially emotional & mental health. People in the higher income group reported much stronger health outcomes across all measures.

The **NAB Household Financial Stress Index** (which looks specifically at the role finances play in our wellbeing), fell in Q3 for the first time in 6 quarterly surveys. Though Australians are clearly being stretched financially, many appear to be growing more accustomed to these pressures, having made deliberate spending trade-offs to manage household balance sheets and support their lifestyle in the face of inflation and higher rates (refer latest NAB Consumer Sentiment Survey Q3, 2023 for more information on spending behaviours). NAB's own monthly transaction data also continues to suggest consumer spending remains resilient.

But, with the economy becoming more challenging, whether indicators of household financial stress can continue to moderate remains to be seen and will be closely watched. NAB sees consumption growth softening in H2 2023 and expects below

trend GDP growth of 1-1.5% in 2023 and 2024. While the labour market remains tight, we expect unemployment to start to rise to around 4.9% through 2024 with slower labour demand growth unable to absorb the full impact of high population growth. For monetary policy the pace of the ongoing moderation in inflation remains crucial. For now, domestically wage growth has not accelerated to a pace inconsistent with inflation returning to target. For rates, we continue to see the RBA hiking a further 25bps in November, before staying on hold until the second half of 2024.

Household financial stress moderated across most index components in Q3. Not having enough to finance retirement remains the biggest contributor overall, followed providing for our family's future, having enough for non-essentials and medical bills & healthcare. Having enough money to meet minimum credit card payments continues to cause the least stress, followed by not having enough money for food & other necessities.

Financial stress levels eased across all age groups, except for 50-64 year olds. Financial stress remains lowest by a large margin in the over 65 group and highest among those aged 30-49.

On balance the number of Australians who felt they were worse off financially today compared to the same time last year also declined (to 27% of all Australians in Q3 vs. 36% in Q2) and is now back to levels last since in Q3 2022 (26%). That said, a greater share of those on lower incomes felt they were worse off financially than at the same time last year (51% vs. 46% in Q2 and 44% at the same time last year). By comparison the share of people in the higher income group feeling worse off eased significantly (a net balance of 15% in Q3 vs. 28% in Q2).

The number of Australians who expect to be worse off financially a year from now also improved (on balance only 5% of Australians vs. 13% in Q2). Almost 1 in 10 high income earners believe they will be better off in the next 12 months (9% vs. 4% who thought they would be worse off in Q2), while the share of those on lower incomes expecting to be worse off was almost unchanged (26% vs. 25% in Q2, though lower than at the same time last year, 32%).

Australians on average were also slightly less concerned over their income or pay. But again, this pattern was not seen among lower income earners, where income stress rose sharply in Q3.

Australians who expected their incomes to increase in the next year on average expect them to rise by around \$7,650 annually.

Savings aspirations among Australians also remain high, with the overall number trying to save rising to 77% in Q3 (vs. 75% in Q2 and slightly above the survey average of 76%). The number of people trying to save in the lower income group increased to 66% in Q3 (63% in Q2) in line with the survey average. It remained largely stable in the higher income group at 85% (slightly above the survey average of 84%).

Household savings however remained under pressure in Q3, with on balance the number of people reporting their savings fell in the past 3 months increasing for the fourth straight quarter to a near 4-year high of 29% (28% in Q2). On balance, 40% of lower income earners report their savings declined in Q3 and 23% expect them to decline further over the next 12 months.

More Australians made inroads into reducing household debt levels in Q3. When asked how debt levels had changed over the past 3 months, on balance 8% said their debt had fallen (compared to 4% in Q2).

Debt stress also fell in Q3, after having risen in the previous six quarters (to a survey high in Q2). Overall debt stress remains much higher among those aged 30-49 than in other age groups, and for those on higher incomes relative to lower incomes.

By type, stress is highest for pay day loans though fell in Q3. While fewer than 1 in 10 (8%) Australians held payday loan debt in Q3, almost twice as many did in the 18-29 age group (13%). After pay day loans, debt stress was highest for loans from family or friends.

Home loan stress continues to rise and is now at its highest level since we first started tracking it in Q1 2019. When Australians with home loans were asked to rate their level of concern over their mortgage debt should rates rise further, over half (55%) scored their concern "very high" (down slightly from 58% in Q2). It remains substantially higher than a year ago (42%). Around 6 in 10 (61%) people on lower incomes are very worried about their mortgage.

Stress was lowest for credit card and BNPL debt. People in the lower income group had higher stress for all types of debt in Q3 except pay day and investment loans.

Part 1: NAB Australian Wellbeing Index

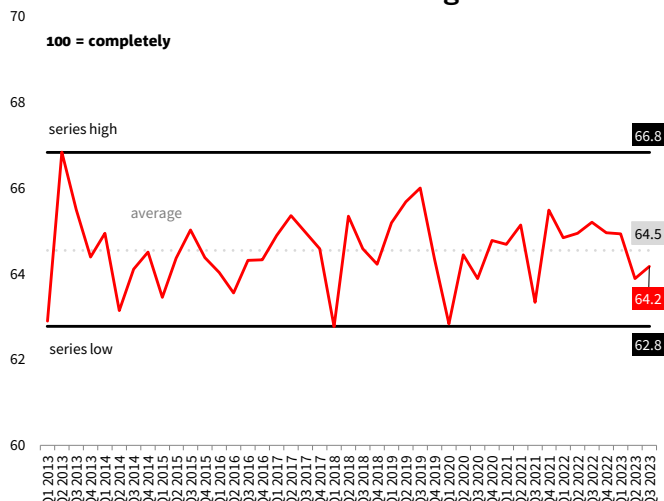
The NAB Australian Wellbeing Index improved slightly to 64.2 pts in Q3, after having fallen to a 2-year low 63.9 pts in the previous quarter. However, wellbeing remains lower than at the same time last year (65.2 pts) and still trending below the survey average (64.5 pts). Australians reported higher wellbeing across all measures in Q3 except anxiety, with the 'not anxious yesterday' measure falling to 57.1 pts from 57.7 pts in Q2 (a lower score signals higher anxiety).

Australians' sense of life worth added most to their overall wellbeing in Q3 (68.0 pts up from 67.9 pts), followed by happiness (66.3 pts up from 65.7 pts) and life satisfaction (65.3 pts up from 64.2 pts). But despite ticking up in Q3, all components of NAB's wellbeing index printed lower than at the same time last year and below average.

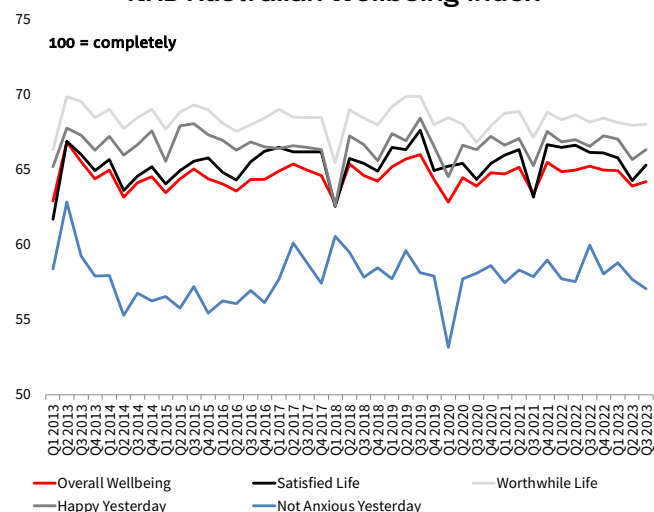
Wellbeing trends diverged sharply across demographic groups - it lifted in 25 of 47 monitored groups, fell in 20 and was unchanged in 2 groups. Wellbeing also continued to trend below survey average levels in most groups (32) - see charts below.

Across each group, overall wellbeing in Q3 was highest in TAS (68.9 pts), capital cities (64.7 pts), people earning \$50-75,000 (66.1 pts), men (65.1 pts), people aged over 65 (73.1 pts), widows (71.3 pts), people without children (66.3 pts), in 2-person households (68.2 pts), retirees (71.8 pts) and house owners (67.2 pts). It was lowest in WA (62.8 pts), in regional cities (62.4 pts), the lowest income group (59.6 pts), women (63.4 pts), 30-49 age group (60.6 pts), singles (59.1 pts), people with children (61.4 pts), people living in households with 3+ people (61.4 pts), were unemployed (50.8 pts), or lived in a rented house (60.3 pts).

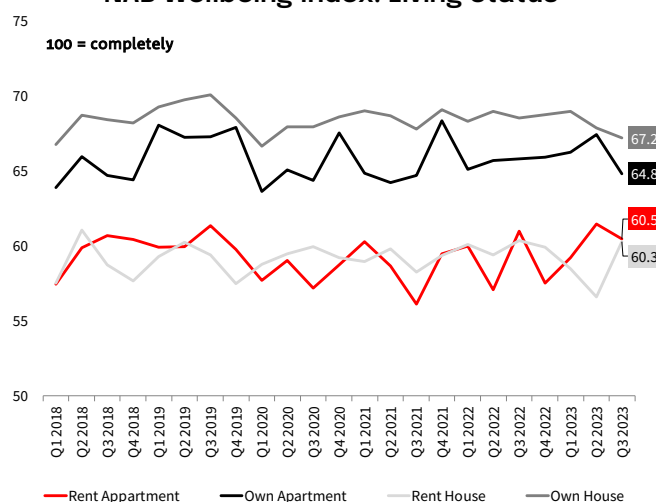
NAB Australian Wellbeing Index



NAB Australian Wellbeing Index



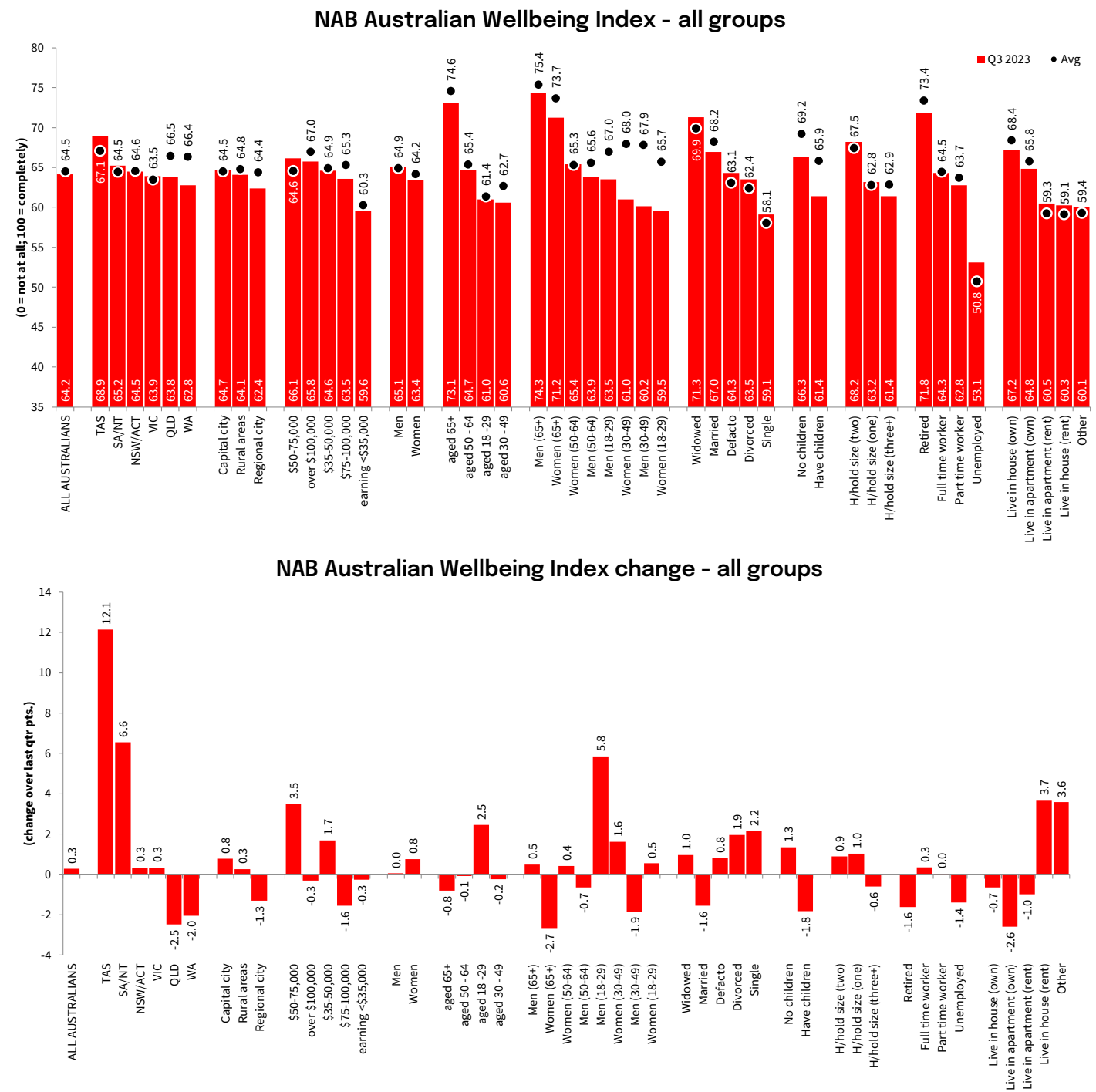
NAB Wellbeing Index: Living Status



Living arrangements are a key determinant of wellbeing. According to the Australian Institute for Health and Welfare (AIHW), secure and affordable housing is fundamental to the wellbeing of Australians. Home ownership continues to be a widely held aspiration in Australia, as it affords owners with security of housing tenure and both long-term social and economic benefits.

Indeed, NAB's wellbeing research has consistently found Australians who live in their own house or apartment report significantly higher levels of wellbeing than people who live in a rented house or apartment (see chart above). Moreover, people living in their own homes (with or without a mortgage) report much higher levels of life satisfaction, life worth, happiness and lower anxiety. Interestingly Australians who live in a house they own also report much lower anxiety than people who live in an apartment they own.

Our homes mean more to us than their intrinsic financial value. They satisfy an innate desire for security, allowing us to stop scanning for danger. This is often key when evaluating the benefits of homeownership.

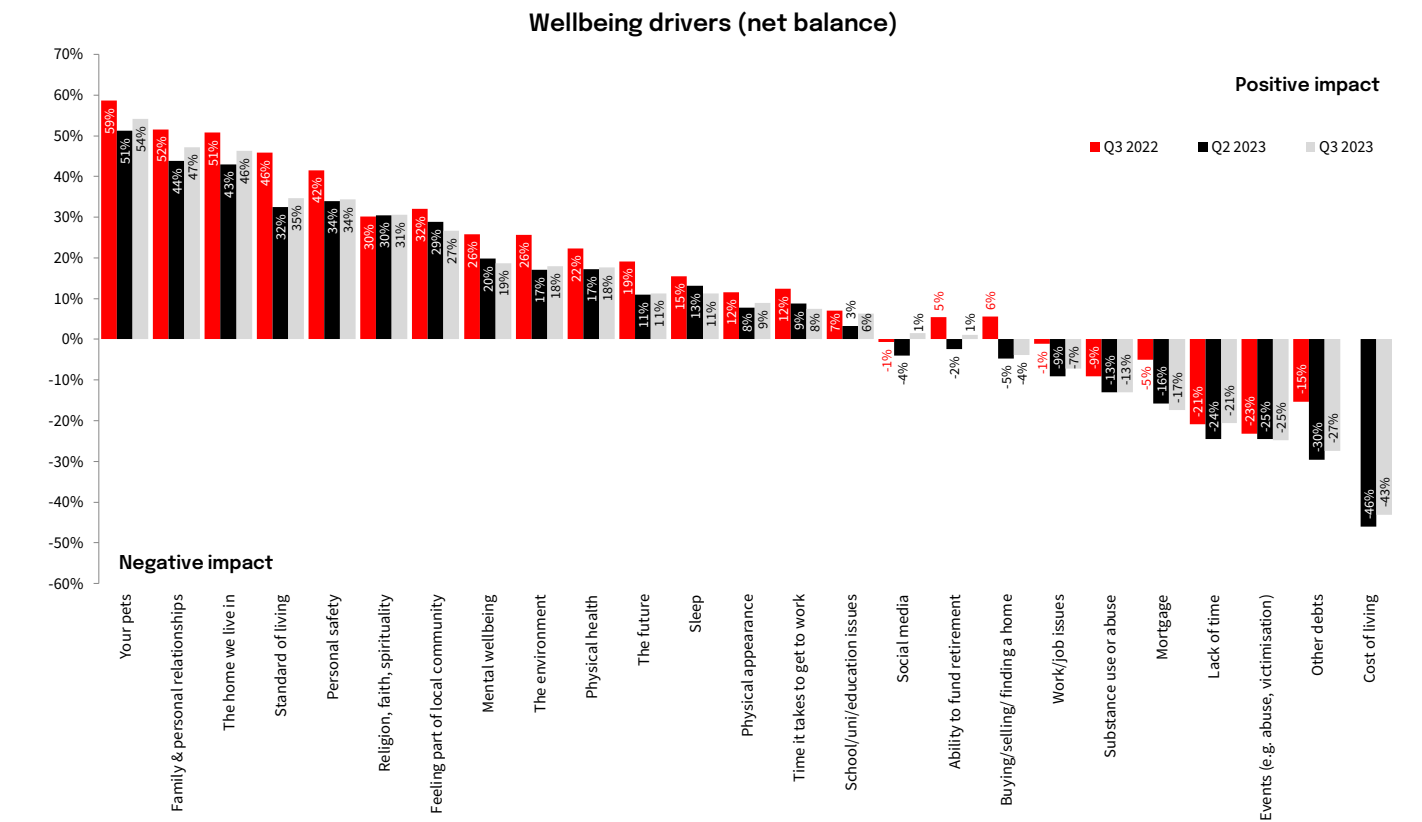


Since 2015, NAB has asked Australians what impact (positive or negative) several factors have on their personal wellbeing. In Q3, we noted somewhat positive contributions to wellbeing from the 3 biggest drivers - pets (+54% up from 51% in Q2), family & personal relationships (+47% vs. +44%) and our homes (+46 vs. +43%). Despite this improvement, all 3 factors contributed positively to fewer Australian than they did one year ago.

Though largely unchanged over the quarter, we also recorded a noticeable decline in the number of people who said their standard of living (+35% vs. +46%), personal safety (+34% vs.

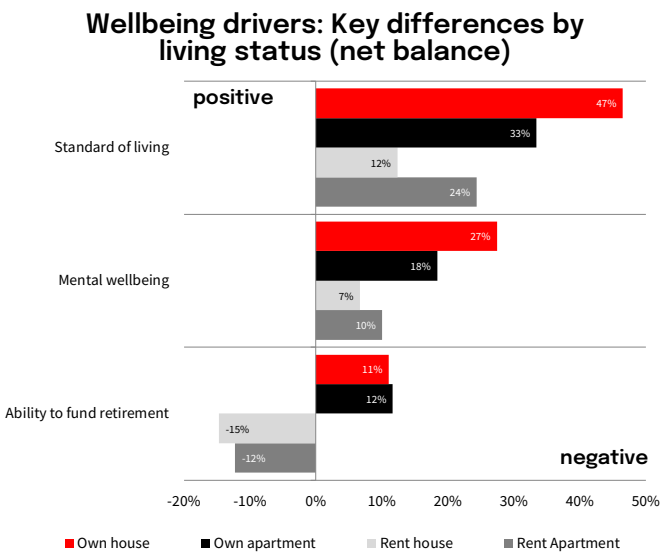
42%), mental wellbeing (+19% vs. +26%), physical health (+18% vs. +22%), and the future (+11% vs. +19%) made positive contributions to their overall wellbeing relative to the same time last year.

Cost of living was again the biggest detractor from wellbeing for most Australians in Q3 (-42% from -46% in Q2), followed by other debts (-27% vs. -30% in Q2 but up sharply from -15% in Q3'22). Other key detractors from wellbeing in Q3 included events such as victimisation or abuse (-25%), lack of time (-21%), our mortgages (-17%) and substance use or abuse (-13%).



By living arrangements, the key areas where home ownership made a substantial difference to wellbeing include the significantly higher number of Australian homeowners who derived positive wellbeing benefits from their standard of living and mental wellbeing than did renters.

Homeowners on balance also reported a positive net benefit on their wellbeing from their ability to fund retirement, whereas more renters on balance said their ability to fund retirement detracted from their overall wellbeing.



Biggest causes of stress for Australians

Living costs continue to weigh heavily on the Australian psyche. In Q3, most Australians - almost 6 in 10 (57%) - identified living costs as the biggest cause of stress in their life (though this fell slightly from 61% in Q2 but still remains well above 48% at the same time last year).

Personal financial issues were the next most common cause of stress, impacting an unchanged 3 in 10 (30%) Australians overall. Health issues - both physical (27%) and mental (25%) were key contributors according to around 1 in 4 Australians, with housing costs (25% up from 23% in Q2) and the economy (23% down from 25%) also key drivers of stress for around 1 in 4 people. Other key drivers of stress included family issues (20%), the health of people close to them (19%), maintaining a healthy lifestyle (17%), relationships (16%) and workplace issues (15%). Just under 1 in 10 (9%) people overall said they had no stress.

Living costs caused stress for most people in all age groups but varied from 63% in the 30-49 age group to 46% in the over 65 group. Slightly more women (58%) identified living costs as a cause of stress than men (56%), as did somewhat more people in lower than higher income groups (59% vs. 56%) in Q3.

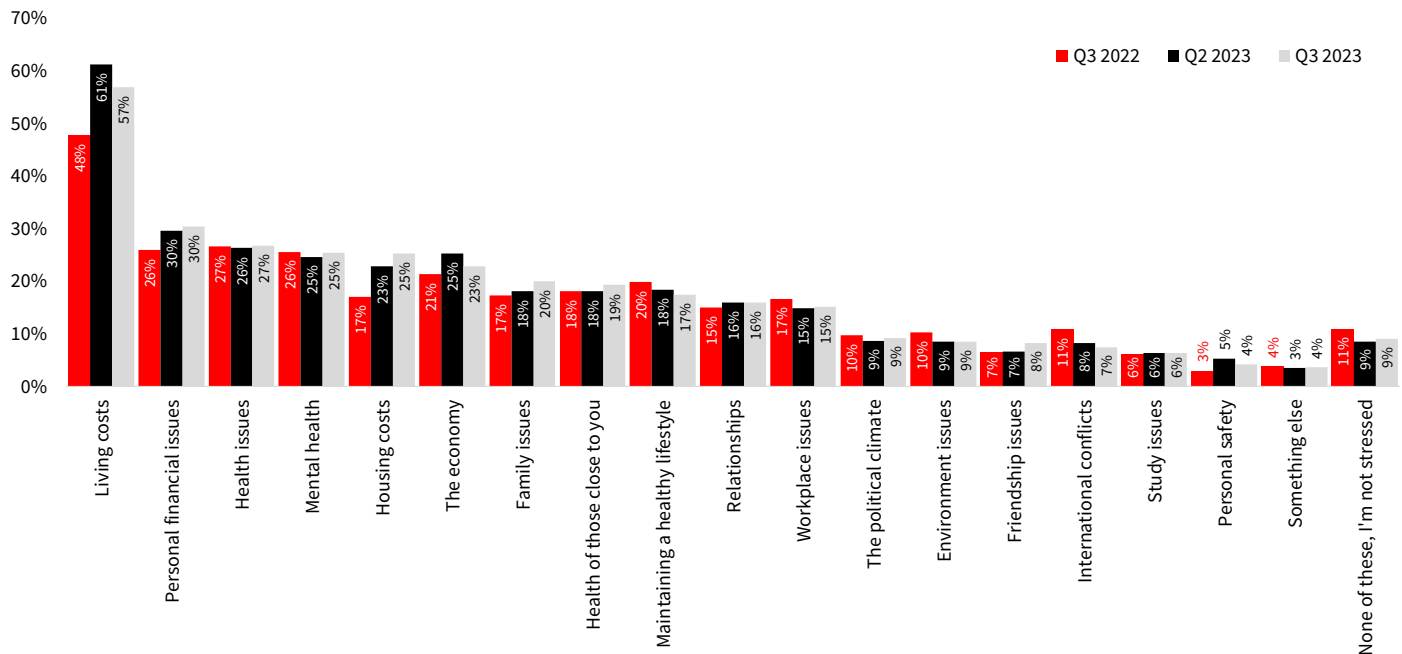
We also noted a much higher number in the 18-29 group stressed by mental health (38%), workplace issues (24%), friendship issues (16%) and study issues (20%). Housing costs weighed most heavily in the 30-49 age group (34%), and health issues in age groups over 50.

The political climate (16%) and international conflicts (13%) caused more stress in the over 65 group, though more than twice as many in this age group also had no stress (19%).

By gender, noticeably more women than men were stressed by family issues (24% vs. 17%) and health of people close to them (24% vs. 15%), and men by the economy (26% vs. 20%), political climate (12% vs. 6%), and international conflicts (9% vs. 6%).

Significantly more people in the lower income group were stressed by personal financial (40% vs. 31%) and health issues (36% vs. 22%), but more people in the higher income group by workplace issues (23% vs. 6%) and maintaining a healthy lifestyle (20% vs. 13%). Almost twice as many people in the lower income group however also had no stress (11% vs. 6%).

Biggest causes of your stress in the last 3 months



Biggest causes of stress: Q3 2023

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Living costs	57%	53%	63%	61%	46%	56%	58%	59%	56%
Personal financial issues	30%	33%	33%	34%	20%	29%	32%	40%	31%
Health issues	27%	19%	23%	31%	36%	25%	28%	36%	22%
Mental health	25%	38%	29%	23%	8%	22%	28%	26%	25%
Housing costs	25%	30%	34%	19%	12%	25%	25%	24%	30%
The economy	23%	22%	23%	23%	23%	26%	20%	22%	25%
Family issues	20%	21%	21%	19%	19%	17%	24%	22%	21%
Health of those close to you	19%	14%	15%	24%	28%	15%	24%	18%	18%
Maintaining a healthy lifestyle	17%	24%	17%	14%	14%	16%	19%	13%	20%
Relationships	16%	21%	19%	12%	8%	14%	18%	14%	17%
Workplace issues	15%	24%	19%	12%	2%	13%	17%	6%	23%
The political climate	9%	6%	8%	8%	16%	12%	6%	8%	8%
Environment issues	9%	9%	7%	9%	11%	9%	8%	7%	8%
Friendship issues	8%	16%	8%	6%	3%	7%	9%	6%	8%
International conflicts	7%	4%	6%	8%	13%	9%	6%	6%	8%
Study issues	6%	20%	5%	2%	0%	5%	7%	10%	6%
Personal safety	4%	5%	5%	3%	3%	5%	3%	5%	5%
Something else	4%	3%	4%	4%	3%	3%	4%	3%	4%
None of the above, I am not stressed	9%	4%	6%	9%	19%	11%	8%	11%	6%

Our emotional/mental, physical & social health

Self-reported health outcomes improved in Q3 but continue to suggest Australians view themselves as only “moderately” healthy across all health aspects - emotional or mental (ability to cope with normal stresses of life and take pleasure and satisfaction from life), physical (soundness of body and freedom from disease and abnormality) and social (quality of interactions and meaningful relationships with others).

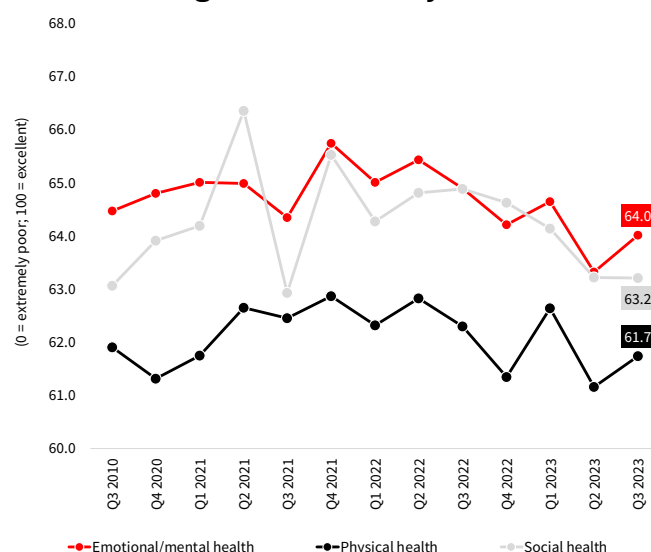
On average, Australians rated emotional & mental health highest in Q3 at 64.0 pts (63.3 pts in Q2). Perceptions of their social health were unchanged (63.2 pts). They rated their physical health better but still the weakest of all components of their health at 61.7 pts (61.2 pts in Q2).

Men continued to report better health outcomes than women in all areas in Q3, especially for emotional & mental health.

Australians over 65 also self-report much better outcomes for their emotional/mental and social health, but the 18-29 group rated their physical health highest. People in the higher income group reported much stronger health outcomes for all measures.

in Q3, with the biggest gap for their physical health physical - see below.

Rating our health today: overall



Rating our health today: gender and age

	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Emotional/mental health									
- Q3 2023	64.0	62.1	66.2	61.1	60.4	62.7	74.8	58.2	65.6
- Q2 2023	63.3	60.6	66.1	56.7	60.4	63.3	75.4	60.0	64.6
- Q3 2022	64.9	63.0	66.9	60.1	62.1	63.3	75.9	59.7	65.7
Physical Health									
- Q3 2023	61.7	60.9	62.7	63.7	61.2	59.7	62.8	56.2	64.4
- Q2 2023	61.2	60.3	62.0	62.1	61.2	58.3	63.3	54.3	65.1
- Q3 2022	62.8	62.3	63.4	64.8	63.4	57.4	65.0	53.3	67.9
Social Health									
- Q3 2023	63.2	62.3	64.3	62.0	59.4	62.3	72.0	58.7	64.9
- Q2 2023	63.2	62.3	64.1	58.9	60.2	61.8	74.6	59.9	65.6
- Q3 2022	64.9	64.6	65.1	63.4	61.6	63.3	73.5	57.4	67.1

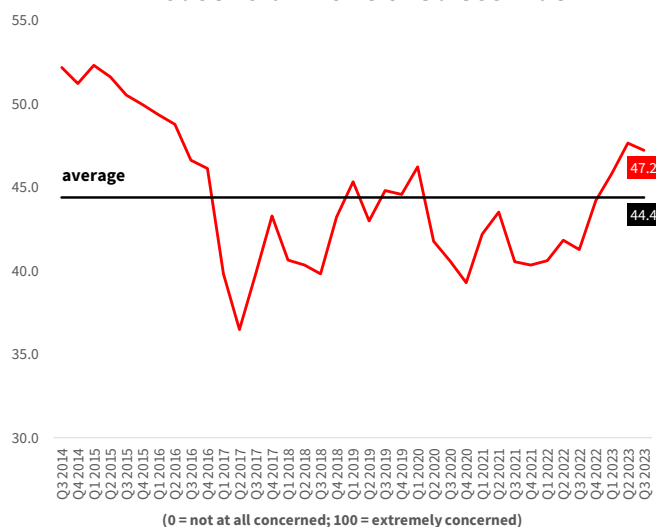
Part 2: Household financial stress

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 several 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, and home improvements & maintenance.

The NAB Household Financial Stress Index eased to 47.2 pts in Q3 (47.6 pts in Q2), after having risen in each of the previous 6 quarters. Household stress levels however continued to trend well above the survey average (44.4 pts) - see charts below.

Household financial stress moderated for most index components in Q3, though stress levels for all index components continued printing above average survey levels - particularly personal loan repayments, other monthly household expenses, non-essential expenses, major household items, home improvements & maintenance, mortgage, rent & housing costs, and food & basic necessities.

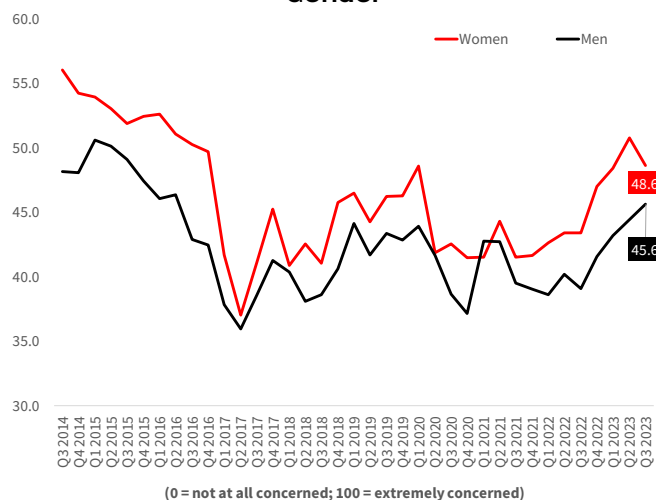
NAB Household Financial Stress Index



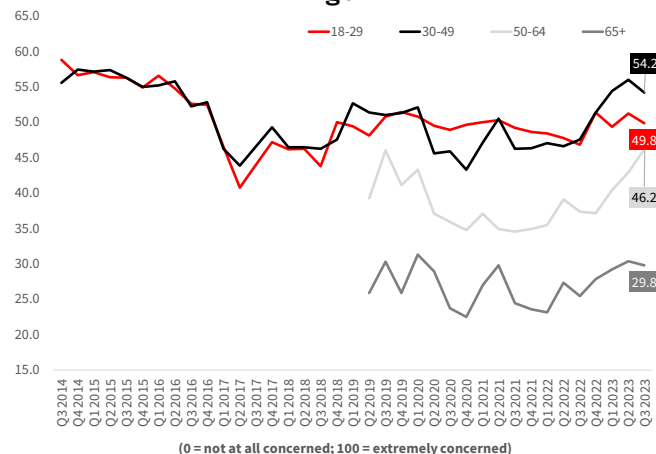
Not having enough to finance retirement remains the biggest contributor to overall financial stress but eased slightly to 56.1 pts in Q3 (56.4 pts in Q2). The next biggest causes were not being able to provide for our family's future (50.4 pts vs. 51.4 pts), not having enough for non-essentials (50.1 pts vs. 50.6 pts) or for medical bills & healthcare (50.1 pts up from 49.4 pts in Q2). Having enough money to meet minimum credit card payments continues to cause the least stress by some margin (37.0 pts vs. 37.1 pts in Q2), followed by not having enough money for food & basic necessities (42.1 pts vs. 42.3 pts).

By gender, financial stress levels eased for women in Q3 (48.6 pts vs. 50.7 pts in Q2) but increased for men (45.6 pts vs. 44.4 pts). This caused the "stress gap" to narrow to its lowest level in 2 years. Financial stress however printed above survey average levels in Q3 for both men and women. Women also continued to report higher stress than men for all index components, especially mortgage rents & housing costs (50.8 pts vs. 45.6 pts), other monthly household expenses (48.5 pts vs. 43.8 pts) and raising \$2,000 for an emergency (49.3 pts vs. 45.1 pts).

NAB Household Financial Stress Index: Gender

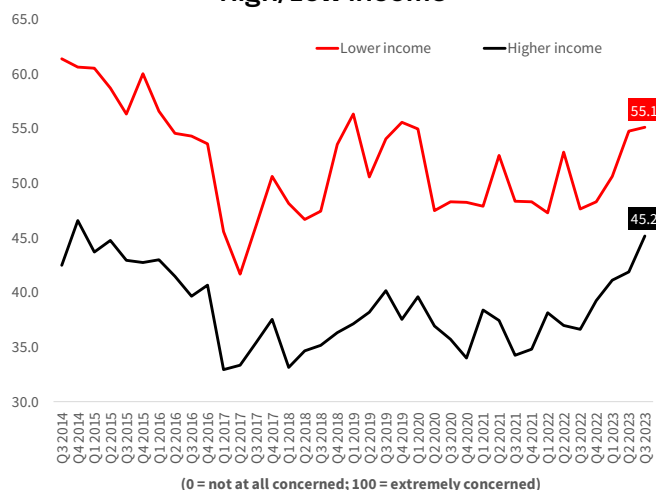


NAB Household Financial Stress Index: Age



Financial stress levels eased in all age groups, except the 50-64 group in Q3, where it jumped to 46.2 pts (42.9 pts in Q2). Financial stress remained lowest by a large margin in the over 65 group (29.8 pts down from 30.3 pts) and was highest in the 30-49 age group (54.2 pts down from 55.9 pts). All age groups however continued to report above average levels of financial stress in Q3. Australians in the 30-49 age group reported higher stress for all index components in Q3, except raising \$2,000 for an emergency where it was highest in the 18-29 age group.

NAB Household Financial Stress Index: High/Low Income



Higher and lower income groups reported higher levels of financial stress in Q3, though it increased more in the higher income group to 45.2 pts (41.9 pts in Q2). Though rising only modestly in the lower income group (55.1 pts vs. 54.8 pts in Q2), the gap between lower and higher income groups remained considerable at 10.0 pts - though below average (13.4 pts). People in the lower income group reported higher stress for all index components than in the higher income group, with the biggest gap in stress levels for food & basic necessities (54.6 pts vs. 37.6 pts), raising \$2,000 for an emergency (60.2 pts vs. 44.2 pts) and other monthly household expenses 56.9 vs. 42.5 pts).

Household financial stress levels diverged across states. It increased in WA (47.4 pts vs. 45.0 pts) and NSW/ACT (49.1 pts vs. 47.2 pts) where it was also highest overall. Stress eased in all other states and was lowest (and fell sharply) in TAS (44.0 pts vs. 51.0 pts). Financing retirement is the biggest cause of stress all states, with credit card repayments causing least stress. We also noted

somewhat higher levels of financial stress in NSW/ACT associated with mortgage, rent & housing costs, being able to provide for their family's future, having enough for non-essentials and not having enough to pay for their children's education than in any other state - see table below for detail & Appendix 2 for historical state data.

NAB household financial stress index: key groups (Q3 2023)

	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Financing retirement	56.1	58.0	53.9	50.6	61.8	61.7	45.8	60.4	54.1
Providing for family's future	50.4	51.9	48.7	51.4	57.9	51.4	31.9	59.4	48.8
Medical bills/healthcare	50.1	52.0	48.0	50.8	56.6	51.2	37.0	57.5	47.2
Non-essentials (holidays, eating out)	50.1	51.7	48.3	52.6	57.8	48.9	34.9	57.0	49.6
Home improvements & maintenance	49.4	50.7	47.9	49.2	57.0	48.6	36.1	54.2	48.4
Mortgage, rent, housing costs	48.3	50.8	45.6	50.5	55.3	46.7	28.9	55.2	47.0
Major household items	48.3	49.2	47.2	49.8	54.1	48.7	35.8	58.4	45.2
Raising \$2,000 in an emergency	47.3	49.3	45.1	56.0	54.4	44.5	28.7	60.2	44.2
Other monthly household expenses	46.3	48.5	43.8	51.2	52.9	45.2	30.8	56.9	42.5
Personal loan repayments	46.3	46.9	45.3	50.1	52.7	42.6	22.3	53.9	44.1
Normal monthly utility bills	45.8	47.3	44.1	51.2	52.8	44.5	29.2	55.6	42.8
Children's education	43.6	44.7	42.5	44.9	51.0	37.5	11.3	43.3	43.8
Food/basic necessities	42.1	43.1	40.9	47.8	49.2	40.5	25.5	54.6	37.6
Credit card repayments	37.0	36.7	37.1	41.7	44.9	34.2	18.7	45.1	37.0
NAB Financial Stress Index	47.2	48.6	45.6	49.8	54.2	46.2	29.8	55.1	45.2

NAB household financial stress index: states (Q3 2023)

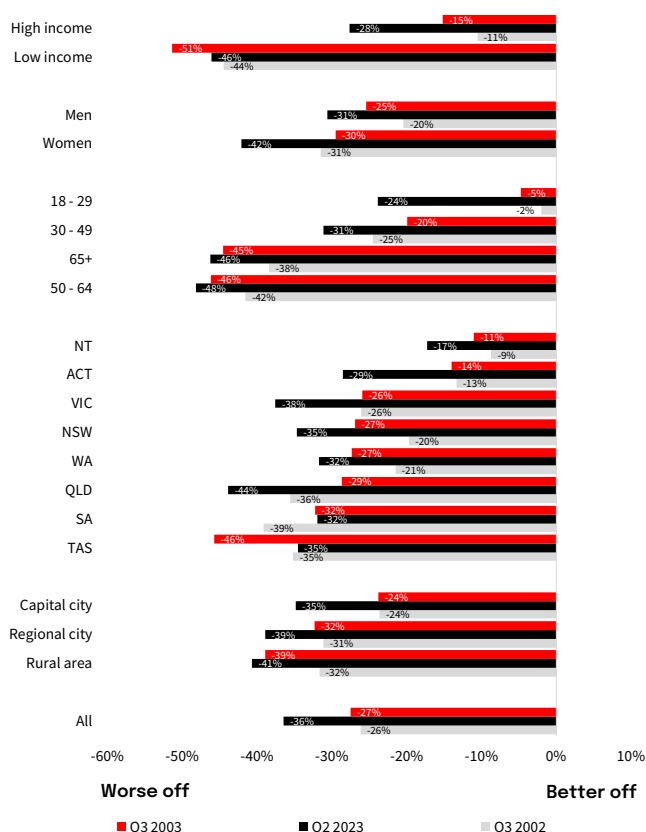
	AUS	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Financing retirement	56.1	57.6	54.5	55.0	56.1	57.2	57.4
Providing for family's future	50.4	52.6	48.8	49.6	49.6	49.5	48.2
Medical bills/healthcare	50.1	52.4	49.1	47.9	52.9	46.3	48.8
Non-essentials (holidays, eating out)	50.1	52.1	50.1	49.7	49.2	45.0	46.4
Home improvements & maintenance	49.4	50.9	48.6	49.3	49.6	47.7	43.0
Mortgage, rent, housing costs	48.3	51.2	47.2	46.4	47.0	46.1	47.9
Major household items	48.3	49.8	46.5	47.2	49.6	49.1	45.3
Raising \$2,000 in an emergency	47.3	49.3	47.5	46.3	46.0	43.5	46.2
Other monthly household expenses	46.3	48.0	46.6	44.2	45.2	46.3	41.4
Personal loan repayments	46.3	47.6	44.2	45.0	48.3	48.8	40.1
Normal monthly utility bills	45.8	48.4	46.9	41.8	44.8	43.9	40.4
Children's education	43.6	45.3	42.3	43.1	42.5	43.3	38.6
Food/basic necessities	42.1	43.8	42.3	39.6	42.8	40.0	41.7
Credit card repayments	37.0	38.5	37.0	35.3	40.5	31.7	30.9
NAB Financial Stress Index	47.2	49.1	46.5	45.7	47.4	45.6	44.0

How households feel they are travelling financially

On balance, more Australians felt they were worse off financially compared to the same time last year in Q3. But encouragingly, the net number that felt this way (-27%) was somewhat lower than in

the previous quarter (-36%) and back on par with the same time last year (-26%). The net number of Australians who felt they were worse off in Q3 outweighed those who said they were better off across the country. It was highest (and increased quite sharply) in TAS (-46% vs. -35% in Q2). It fell in all other states bar SA (unchanged at -32%) and was lowest in the NT (-11% vs. in -17% in Q2). Though still negative, it also improved in all regions, led by capital cities (-24% vs. -35%).

Better or worse off financially than this time last year (net balance)



The net number of pessimists fell in all age groups in Q3. It was highest in the 50-64 group (-46% vs. -48% in Q2), and lowest by some margin in the 18-29 age group (-5% vs. -24%). Pessimists out-weighted optimists for both genders. In Q3, the net number of women worse off however fell noticeably to -30% (-42% in Q2), with a smaller improvement reported by men (-25% vs. -31% in Q2).

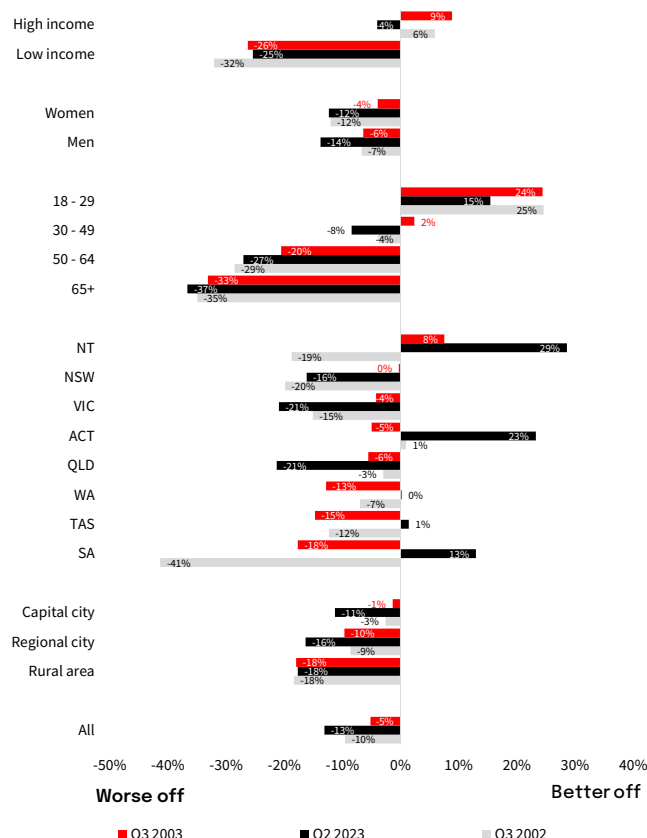
The net number of people in the higher income group worse off also eased to -15% in Q3 (-28% in Q2). However, people in the lower income group felt they were under more pressure, with the net number indicating they were worse off financially than at the same time last year climbing to -51% from -46% in the previous quarter and -44% at the same time last year.

More Australians on balance expect to be worse off financially in a year from now. However, the net number that felt this way narrowed fell to -5% (-13% in Q2). Expectations ranged widely across the country. The number of pessimists out-weighted optimists in most states, led by SA (-18%). Expectations were balanced in NSW (0%), and optimists out-weighted pessimists in the NT (+8%). Regionally, it ranged from -18% in rural areas to -1% in the capitals.

People aged 18-29 remain most optimistic about their financial position in the next year, with the net number of optimists climbing to +24% (+15% in Q2). Slightly more now expect to be better off in the 30-49 age group (+2% vs. -8% in Q2). Pessimists out-weighted optimists in the 50-64 (-20% vs. -27%) and over 65 + (-33% vs. -37%) groups. Fewer men (-6%) and women (-8%) were also pessimistic about their future financial position compared to

the previous quarter (-12% & -14% respectively). More high income earners also believe they will be better off in the next 12 months (+9% vs. -4% in Q2), but a basically unchanged number in the lower income group expect to be worse off (-26% vs. -25% in Q2 though somewhat lower than -32% reported at the same time last year).

Better or worse off financially in a year from now (net balance)



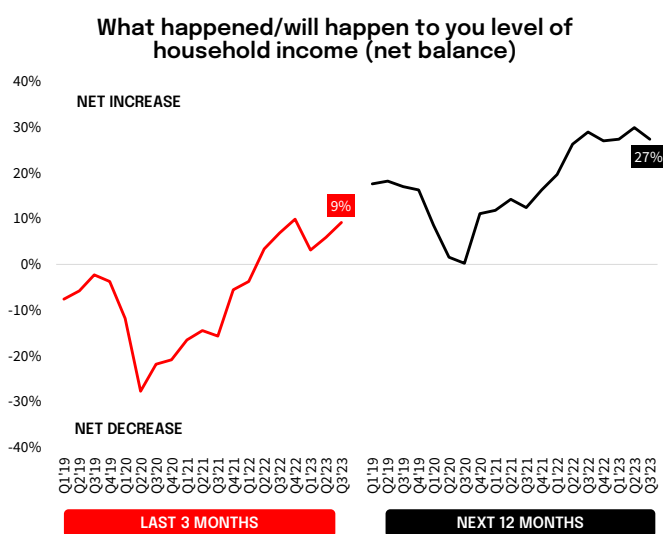
The impact of income, savings and debt

With a relatively strong labour market supporting wages, the number of Australians who said their incomes increased in Q3 outweighed those who said it decreased, with this rising to +9% (+6% in Q2).

A positive (and higher) net number of women (+7%) and men (+12%) said their incomes improved in Q3. It was also positive and higher in all age groups except the 50-64 group (+2% down from +4% in Q2) and increased most in the over 65 group (+15%).

Noticeably more people in the higher income group said their income increased in Q3 (+17% vs. +11% in Q2), but in the lower income group, the number of people who said their incomes fell out-weighted those who said it increased (-2% down from +2% in Q2) - see table below.

Looking forward, more Australians on balance still expect their incomes to rise than fall in the next 12 months, though it fell to +27% (+30% in Q2). Expectations fell for women (+23% vs. +30% in Q2) but increased for men (+32% vs. +30%). By age, fewer people in the 18-29 group (+36% vs. +45%) and 50-64 group (+20% vs. +28%) expect their incomes to rise in the next 12 months, but more people in the over 65 (+23% vs. +20%) and 30-49 (+29% vs. +28%) age groups see their incomes increasing. Expectations in the lower income group improved a little in Q3 (+19% vs. +17%) but they were a less positive in the higher income group (+35% vs. +41%).



What happened/will happen to your level of household income (net balance)

	Last 3 months	Next 12 months
Women	+7% (+3%)	+23% (+30%)
Men	+12% (+9%)	+32% (+30%)
Age 18-29	+11% (+1%)	+36% (+45%)
Age 30-49	+9% (+5%)	+29% (+28%)
Age 50-64	+2% (+4%)	+20% (+28%)
Age 65+	+15% (+13%)	+23% (+20%)
Lower income	-2% (+2%)	+19% (+17%)
Higher income	+17% (+11%)	+35% (+41%)

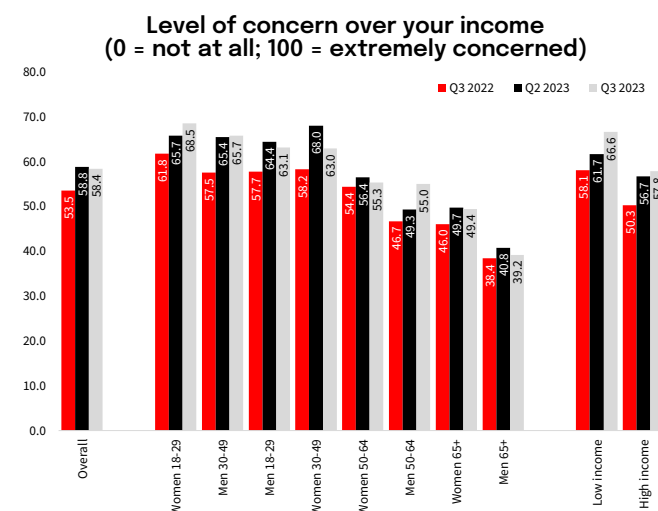
*Figures in parentheses previous quarter

With a somewhat higher net number of Australians indicating their incomes increased in Q3, Australians on average were also slightly less concerned over their income or pay. When they were asked to rate their overall level of concern or stress over their income or pay, they scored 58.4 pts - down from a survey high 58.8 pts in the previous quarter but still significantly higher than at the same time last year (53.5 pts).

Income stress however diverged across age and gender groups in Q3. Overall, it was highest (and increased somewhat) for women

aged 18-29 (68.5 pts vs. 65.7 pts in Q2). It was next highest (and broadly unchanged for men 30-49 (65.7 pts vs. 65.4 pts). Income stress was also relatively high for men 18-29 but fell somewhat to 63.1 pts (64.4 pts in Q2) and women 30-49 despite falling sharply to 63.0 pts (68.0 pts in Q2). Income stress remained lowest by some margin for men over 65 (39.2 pts vs. 40.8 pts in Q2) and women over 65 (49.4 pts vs. 49.7 pts). We also recorded a significant increase in income stress for men in the 50-64 age group (55.0 pts vs. 49.3 pts in Q2). Women reported higher income stress in all age groups except the 30-49 group. Income stress was also higher in all groups when compared to the same period last year.

Income stress rose sharply in the lower income group in Q3 to 66.6 pts (61.7 pts) but increased more modestly in the higher income group to 57.8 pts (56.7 pts in Q2). Income stress in both groups however remains significantly above levels reported at the same time last year.

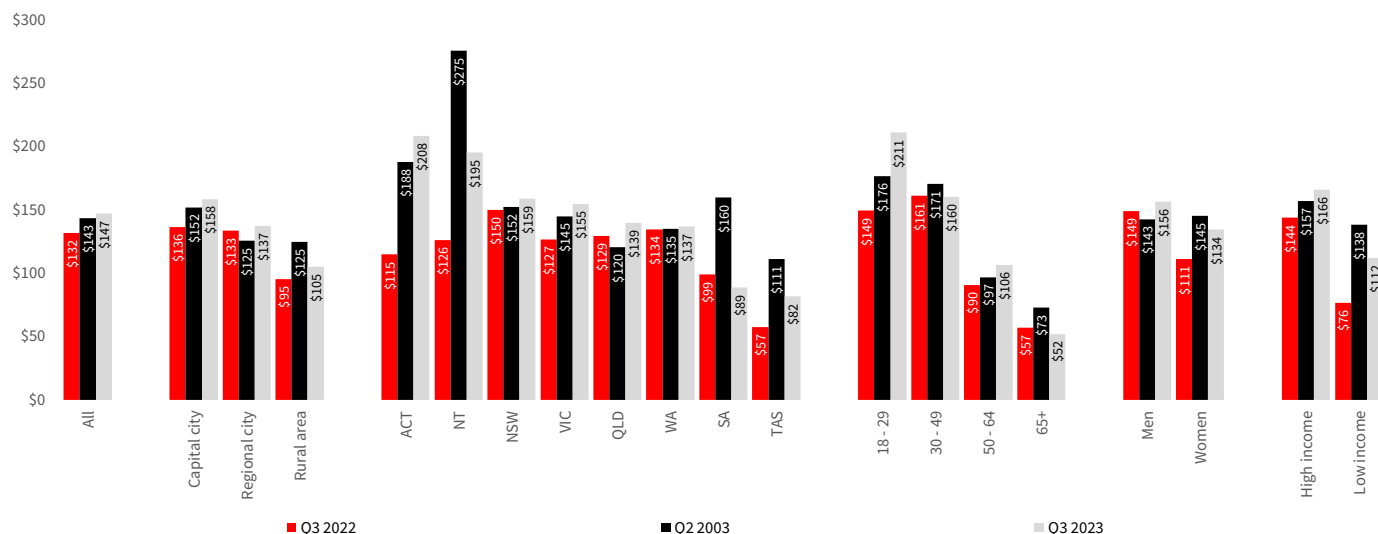


Australians who expected their incomes to increase in the next year were also asked to estimate by how much they expected their weekly income would rise. On average, expectations inched up to \$147 in Q3 (around \$7,650 annually) from \$143 in Q1. It was however somewhat higher than \$132 reported at the same time last year (around \$6,860 annually).

Expectations varied widely by state. They were highest and increased to \$208 in the ACT (\$188 in Q2) and was next highest in the NT but scaled back sharply to \$195 from \$275 in Q2 (but from a smaller sample size). Expectations improved and were broadly similar in NSW (\$159 vs. \$152 in Q2) and VIC (\$155 vs. \$145), with broadly similar expectations also recorded in QLD (\$139 vs. \$120) and WA (\$137 vs. \$135). They were lowest and pared back noticeably in TAS (\$82 vs. \$111) and SA (\$89 vs. \$160). By region, expectations were highest and lifted in capital cities (\$158 vs. \$152 in Q2). They also rose in regional cities (\$137 vs. \$125) but were trimmed back somewhat in rural areas (\$105 vs. \$137).

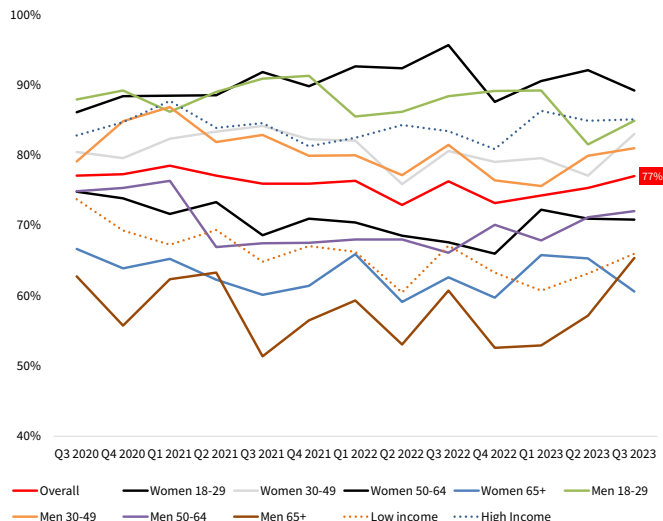
Income expectations fell with age. They were highest and jumped sharply in the 18-29 group (\$211 vs. \$176 in Q2) and lowest (and fell sharply) in the 65+ group (\$52 vs. \$73). Men \$156 vs. \$143) now expect to receive more than women who cut their expectations to \$134 (\$145 in Q2). Higher income earners expect more (\$166 vs. \$157), and lower income earners less (\$112 vs. \$138).

How much extra money per week are you expecting?



Savings aspirations among Australians remain high, with the overall number trying to save rising to 77% in Q3 (75% in Q2) and slightly above average (76%).

Percentage of Australians trying to save

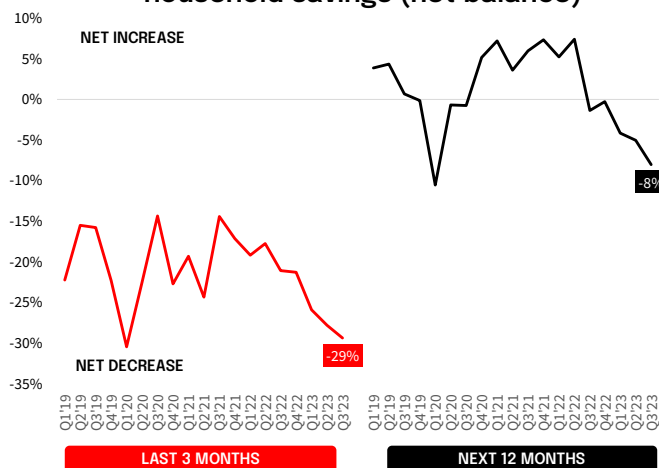


Savings aspirations in Q3 remained highest in the 18-29 age group. However, it fell to 89% for young women (92% in Q2) and rose for young men (85% vs. 82%). We noted a higher number of women (83% vs. 77%) and men (81% vs. 80%) in the 30-49 age group trying to save. The number trying to save in the 50-64 group was unchanged for women (71%) but increased slightly for men (72% vs. 71%). Savings aspirations remained lowest by some margin in the over 65 age group. But whereas the number of women in this age group trying to save fell to a below average 61% (65% in Q2), it rose to a survey high 65% for men (57% in Q2). It was also the first time since mid-2021 that more men over 65 were trying to save than women.

The number of people trying to save in the lower income group increased to 66% in Q3 (63% in Q2) and was in line with the survey average. It remained largely stable in the higher income group at 85%, and slightly above the survey average (84%).

Household savings remained under pressure in Q3, with the number of people whose level of savings fell in the last 3 months outweighing those who said it increased rising for the fourth straight quarter to a near 4-year high -29% (-28% in Q2).

What happened/will happen to level of household savings (net balance)



By gender, the net number of women who reported a fall in their savings increased to -33% (-29% in Q2), while men reported a slight improvement (-25% vs -26%). More Australians in all age groups said their savings fell, ranging from -18% in the 18-29 group (-21% in Q2) to -34% in the 50-64 group (-28% in Q2). More Australians in both the lower (-40% vs. -36%) and higher (-23% vs. -17%) income groups also said they ran down their savings in Q3.

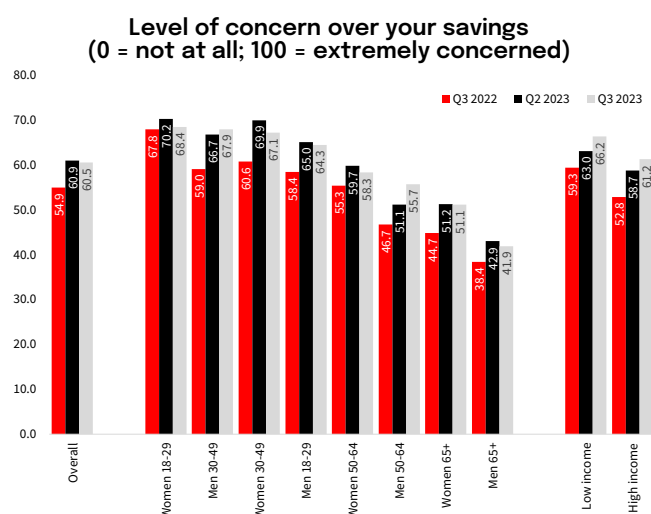
What happened/will happen to your level of household savings (net balance)

	Last 3 months	Next 12 months
Women	-33% (-29%)	-7% (-4%)
Men	-25% (-26%)	-10% (-5%)
Age 18-29	-18% (-21%)	+21% (+22%)
Age 30-49	-31% (-30%)	-10% (-3%)
Age 50-64	-34% (-28%)	-16% (-14%)
Age 65+	-33% (-32%)	-27% (-28%)
Lower income	-40% (-36%)	-25% (-14%)
Higher income	-23% (-17%)	+2% (+6%)

*Figures in parentheses previous quarter

More Australians expect their savings to fall than rise in the next 12 months with this number increasing to -7% in Q3 (-5% in Q2). Expectations were more negative for women (-7% vs. -4% and men (-10% vs. -5%). The number of people expecting their savings to fall in the next 12 months outweighed those expecting it to increase in all age groups except in the 18-29 group (+21%). Expectations were most negative in the over 65 group but largely unchanged (-27% vs. -26%), with a significant jump in the 30-49 group expecting their savings to fall (-10% vs. -3%). Fewer people in the higher income group expect to grow their savings in the next 12 months (+2% vs. +6%), but significantly more in the lower income group expect their savings to fall (-25% vs. -14% in Q2).

Though the Q3 survey saw an increase in the number of Australians who reported a reduction in their household savings, their level of concern over their savings moderated slightly to 60.5 pts, down from a survey high 60.9 pts in Q2. However, it remained noticeably higher than at the same time last year (54.9 pts). Stress related to savings also remained higher than income stress (58.4 pts).



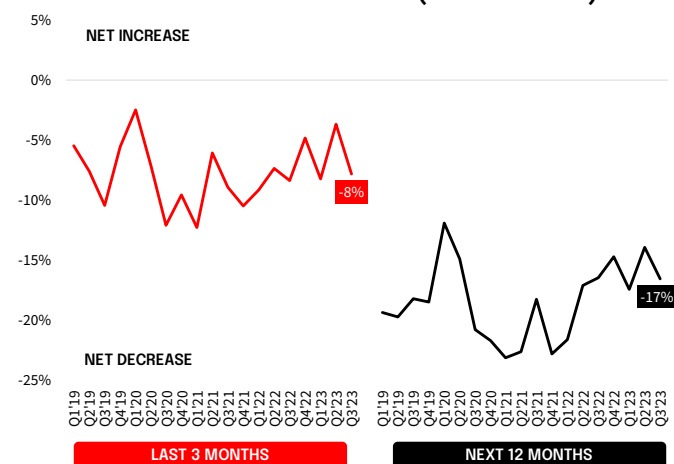
Savings stress was highest for women 18-29 (68.4 pts down from 70.2 pts in Q2), followed by men 30-49 (67.9 pts vs. 66.7 pts). It was lowest (by some margin) for men over 65 (41.9 pts). Savings stress

increased most for men 50-64 (55.7 pts vs. 51.1 pts). It moderated in all other groups except men 30-49. The survey also found savings stress was higher for women across all age groups except the 30-49 group.

People in lower income (66.2 pts vs. 63.0 pts) and higher income (61.2 vs. 58.7 pts) groups reported higher savings stress in Q3.

More Australians made inroads into reducing household debt levels in Q3. When asked how debt levels had changed over the 3 months, in net terms more said it decreased than increased (i.e., the number who said it decreased out-weighted the number who said it increased). Moreover, it increased to -8% from -4% in Q2.

What happened/will happen to your level of household debt (net balance)



In net terms, more women (-6% vs. -1%) and men (-10% vs. -7%) made inroads into reducing debt in Q3, and more so than in Q2. By age, we noted a higher number in the 18-29 (-13% vs. -4%) and 30-49 (-10% vs. -2%) that reduced their debt levels compared to Q2, but fewer in the 50-64 age group (-3% vs. -6%). Behaviours were unchanged in the over 65 group (-4%). The net number in the lower income group that reported increased debt levels fell to +1% in Q3 (+6% in Q2), with more people in the higher income group reducing their debt levels (-15% vs. -13% in Q2).

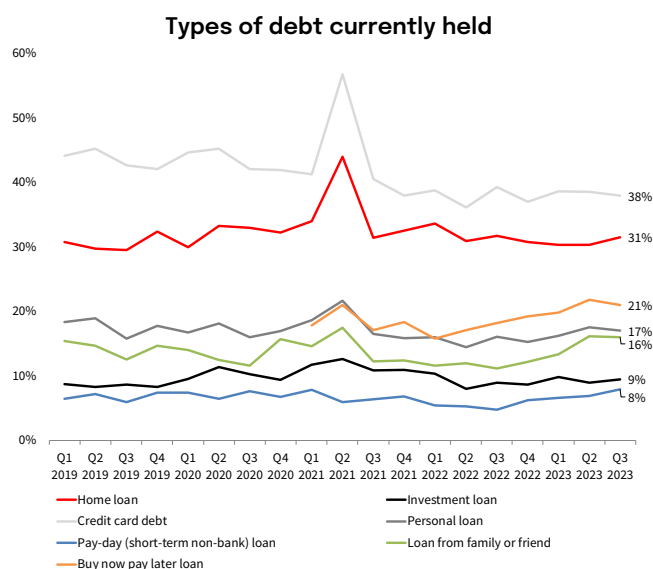
What happened/will happen to your level of household debt (net balance)

	Last 3 months	Next 12 months
Women	-6% (-1%)	-17% (-14%)
Men	-10% (-7%)	-16% (-14%)
Age 18-29	-13% (-4%)	-21% (-19%)
Age 30-49	-10% (-2%)	-21% (-16%)
Age 50-64	-3% (-6%)	-15% (-15%)
Age 65+	-4% (-4%)	-6% (-3%)
Lower income	+1% (+6%)	-7% (-6%)
Higher income	-15% (-13%)	-24% (-23%)

*Figures in parentheses previous quarter

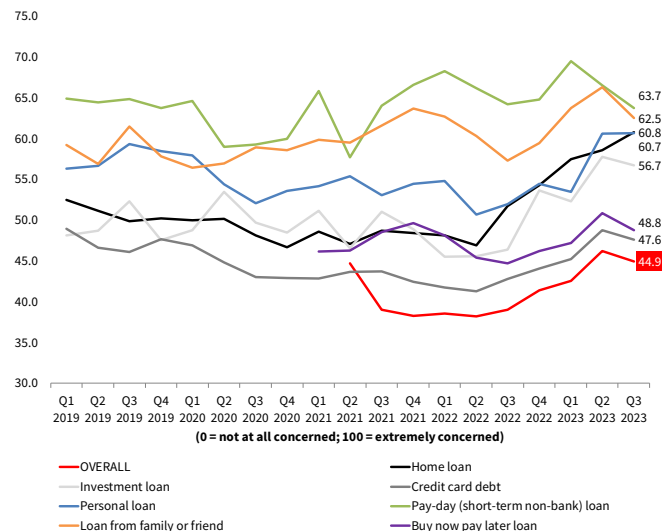
When asked what they expect to happen to household debt levels in the next 12 months, the net number of Australians who expect it to fall lifted to -17% (-14% in Q2). More women (-17% vs. -14%) and men (-16% vs. -14%) expect to reduce debt levels. More people in all age groups also expect debt levels to fall except in the 50-64 group (unchanged at -15%). By income, slightly more people in the lower (-7% vs. -6%) and higher (-24% vs. -23%) groups expect debt levels fall in the next 12 months.

Less than 1 in 10 (8%) Australians overall had payday loan debt in Q3, but this was almost twice in the 18-29 age group (13%) - see table below for more detail.



Credit card debt is still the most widely held debt by Australians. Almost 4 in 10 (38%) had credit card debt in Q3. It was the most widely held debt by men (41%) and women (35%), in age groups over 50 and in the lower income group (25%). Home loan debt was next most common and held by 3 in 10 (31%) Australians overall but was most widely held debt in the 30-49 (48%) and higher income (51%) groups. Around 1 in 5 (21%) had BNPL debt, rising to 3 in 10 (29%) in the 30-49 group. Around 17% of Australians held personal loans in Q3 but this rose to around 1 in 4 in the 18-29 (25%), 30-49 (24%) and higher income (23%) groups. Around 16% overall had loans from family or friends, but to 1 in 4 in the 18-29 age group (26%) and lower income group (22%). Around 1 in 10 (9%) had investment loan debt, rising to 17% for higher income earners.

Level of concern over debts held



Australians who were holding debt in Q3 were asked to rate their concern for all types of debt they held. Despite higher interest rates impacting repayment amounts, concern over total debts fell to 44.9 pts in Q3, after having risen in the previous six quarters to a survey high 46.2 pts Q2. Overall debt stress however was lower than savings (60.5 pts) and income (58.4 pts) stress.

Overall debt stress was higher for women than men (46.3 pts vs. 43.4 pts). It was also much higher in the 30-49 age group (55.0 pts) than in other age groups, and also in the higher income group relative to the lower income group (48.9 pts vs. 45.2 pts) - see table below.

When people who held each type of debt were asked how much concern it caused them, stress was highest for pay day loans - though fell to 63.7 pts in Q3 (66.5 pts in Q2). Loans from family or friends followed (62.5 pts down from 66.3 pts). Home loan stress however continued to climb along with higher mortgage rates, reaching 60.8 pts (58.5 pts in Q2) - its highest level since we first started tracking this data in Q1 2019. Stress was lowest for credit card (47.6 pts) and BNPL debt (48.5 pts).

Type of debts held Q3'23: gender, age & higher/lower income

	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Credit card debt	38%	35%	41%	23%	38%	47%	43%	25%	44%
Home loan	31%	32%	31%	22%	48%	32%	11%	9%	51%
Buy now pay later loan (BNPL)	21%	22%	20%	25%	29%	15%	9%	22%	24%
Personal loan	17%	16%	18%	25%	24%	12%	2%	13%	23%
Loan from family or friend	16%	15%	16%	26%	21%	9%	3%	22%	17%
Investment loan	9%	8%	11%	10%	14%	9%	2%	3%	17%
Pay-day (short-term non-bank) loan	8%	8%	8%	13%	11%	4%	1%	8%	10%

Concern over debts held Q3'23: gender, age & higher/lower income

	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Pay-day (short-term non-bank) loan	63.7	64.8	63.9	62.8	65.5	59.3	62.0	58.9	62.5
Loan from family or friend	62.5	65.3	61.0	58.7	64.3	70.3	53.8	64.6	61.6
Home loan	60.8	61.6	59.8	59.9	64.1	56.9	49.9	65.2	60.4
Personal loan	60.7	63.5	57.7	57.1	64.4	61.4	25.1	65.4	57.2
Investment loan	56.7	57.4	56.0	55.0	63.4	45.5	36.2	40.5	59.2
Buy now pay later loan (BNPL)	48.8	49.5	48.2	53.7	50.5	47.1	27.9	49.1	46.4
Credit card debt	47.6	49.6	45.7	54.3	57.0	46.9	30.2	53.9	48.3
Overall debt stress	44.9	46.3	43.4	48.0	55.0	41.8	25.8	45.2	48.9

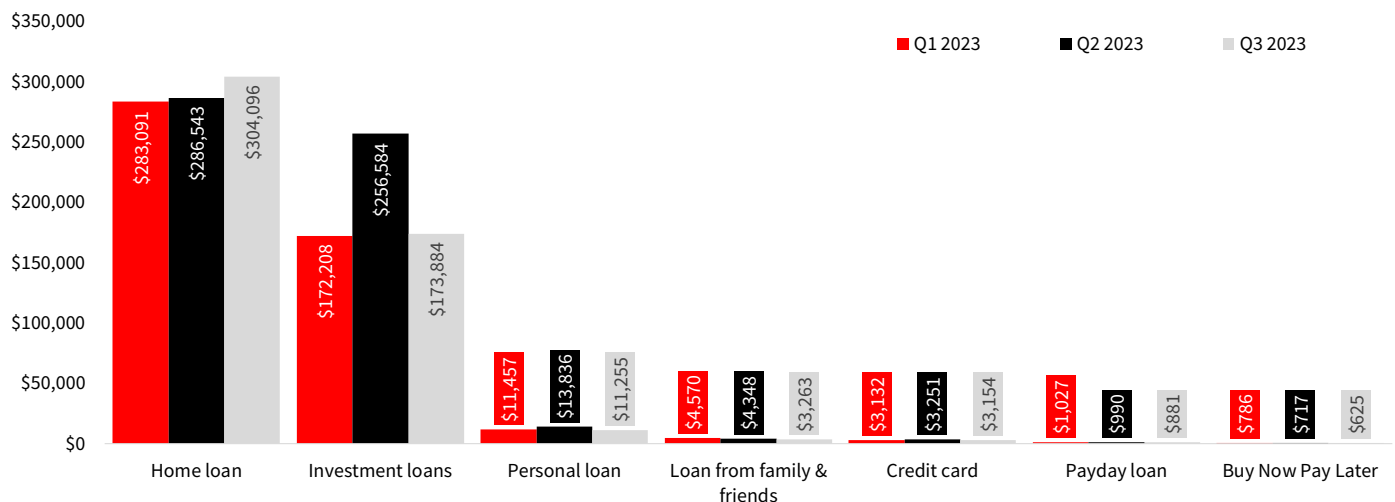
Women reported somewhat higher stress than men from loans from family or friends (65.3 pts vs. 61.0 pts), personal loans (63.5 pts vs. 57.7 pts) and credit cards (49.6 pts vs. 45.7 pts). By age, the 50-64 group registered much higher stress for loans from family or friends (70.3 pts), the 30-49 group home loans (64.1 pts), personal loans (64.4 pts) and credit cards (57.0 pts), and the 18-29 group BNPL (53.7 pts). The 65+ group had the lowest stress for all types of debt, while people in the lower income group had higher stress for all types of debt in Q3 except pay day and investment loans.

Australians who indicated they currently have any of these debts were asked to estimate approximately how much was

outstanding on each of them. The amount outstanding was highest for home loans (\$304,096), followed by investment loans (\$173,884). The next biggest debt holdings in Q3 were personal loans (\$11,255), loans from family or friends (\$3,263), credit cards (\$3,154), payday loans (\$881) and BNPL debt (\$625).

By age, the 30-49 group had the highest outstanding balances for home loans, personal loans and credit cards, the 50-64 group for investment loans, credit cards and, along with the over 65s loans from family or friends. Men had much bigger outstanding debt on investment loans and loans from family and friends, and women on payday loans - see table below.

Current outstanding balances on loans



Current outstanding balances on loans Q3 2023

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Home loan	\$304,096	\$264,719	\$344,316	\$290,201	\$150,190	\$310,512	\$298,102	\$90,114	\$375,243
Investment loans	\$173,884	\$33,405	\$186,900	\$315,726	\$279,060	\$200,459	\$141,763	\$95,755	\$201,683
Personal loan	\$11,255	\$9,127	\$13,722	\$10,412	\$3,381	\$11,491	\$11,369	\$6,474	\$12,895
Loan from family & friends	\$3,263	\$1,687	\$3,865	\$5,652	\$5,201	\$3,459	\$1,705	\$2,196	\$4,347
Credit card	\$3,154	\$1,484	\$3,495	\$4,474	\$2,479	\$3,329	\$2,973	\$2,256	\$3,730
Payday loan	\$881	\$881	\$1,162	\$846	\$708	\$648	\$1,340	\$512	\$1,156
Buy Now Pay Later	\$625	\$546	\$751	\$500	\$498	\$690	\$579	\$409	\$745

Home loan stress should rates rise further

Policy rates have risen from 0.1% in April 2022 to 4.1% in June 2023 and NAB sees rates peaking at 4.35% in November. Higher mortgage rates have impacted Australians with home loan debt, with their level of concern over their mortgage debt at its highest since we first tracked this data in Q1 2019 (see above). When people with home loans were also asked to rate the level of concern they have over this debt if rates should rise further, they scored an unchanged 7.4 pts (6.5 pts in Q3'22).

Concern remains elevated in all states, led by WA (where it also rose somewhat), VIC and NSW (7.5 pts). It was lowest and fell in SA (6.5 pts) and ACT, TAS & NT combined (6.9 pts). By region, concern was highest and rose for mortgage holders in regional cities (7.5 pts) and was lowest (and unchanged) in rural areas (7.0 pts).

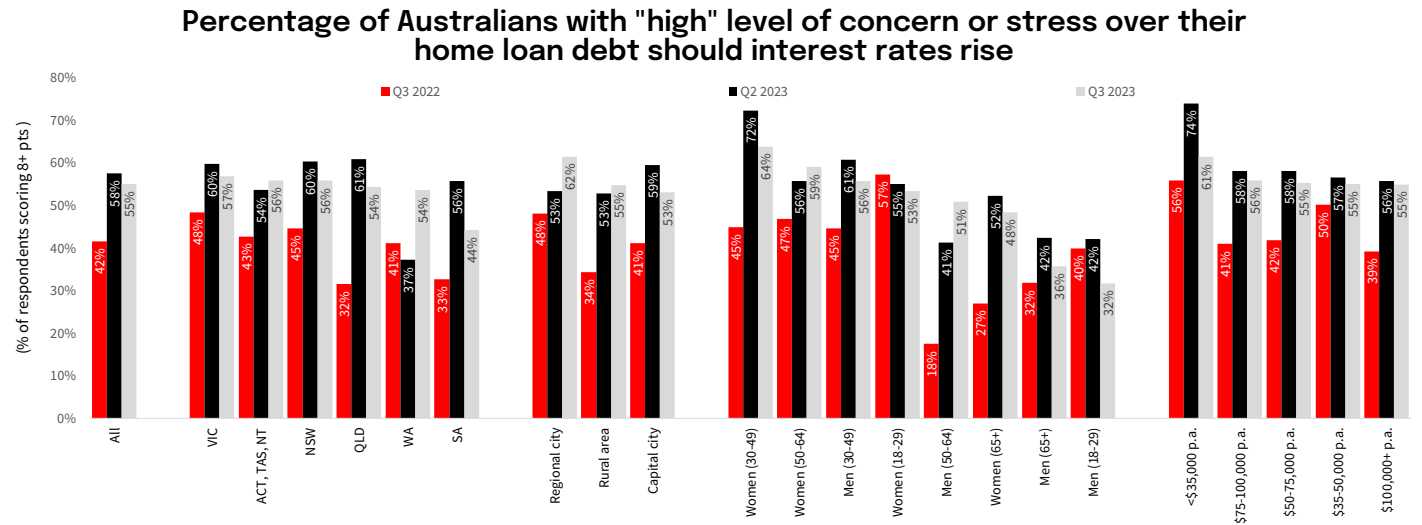
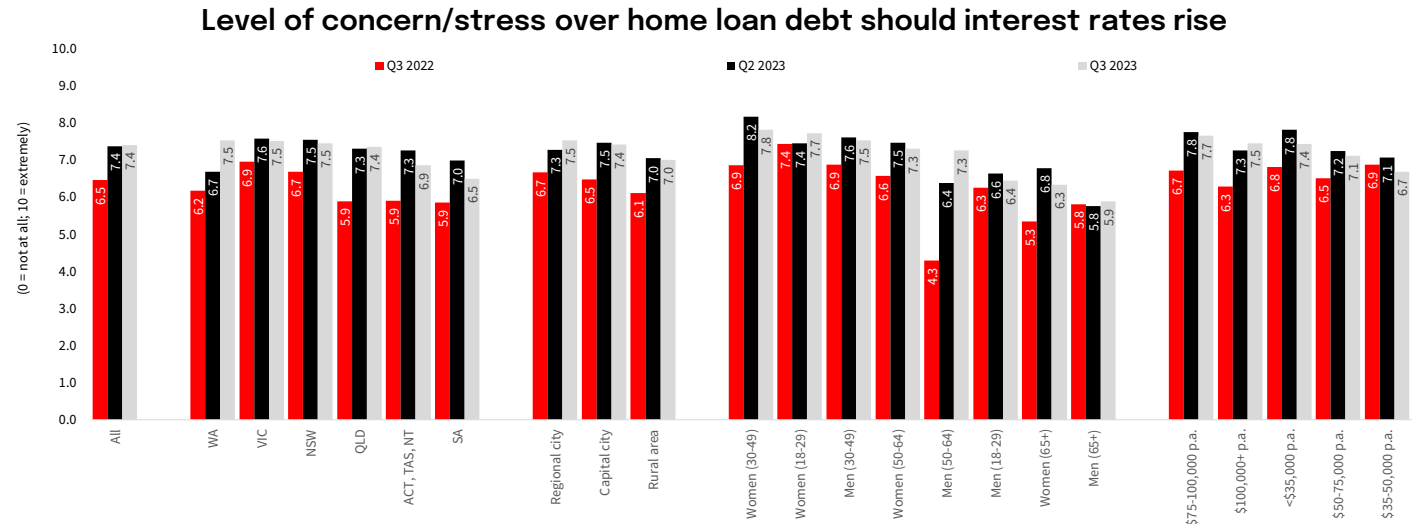
Concern was higher for women than men in all age groups. In Q2, it was highest overall for women aged 30-49 (7.8 pts vs. 8.2 pts in

Q2), followed by women 18-29 (7.7 pts vs. 7.4 pts). Stress was lowest for men (5.9 pts) and women (6.3pts) over 65. Income did not matter, with concern highest in the \$75-100,000 group (7.7 pts), and lowest in the \$35-50,000 group (6.7 pts).

The average score masks a substantial number of people with “very high” levels of concern over future rate rises. Though the number of mortgage holders with very high concern (i.e., scored 8 pts or more) fell slightly to 55% in Q3 (58% in Q2) it remains substantially higher than one year earlier (42%).

The number with “very high” concern fell in all states in Q3 (bar ACT, TAS & NT), ranging from 57% in VIC to 44% in SA. By region, it increased noticeably and was highest in regional cities (62% vs. 53%) and lowest and fell in capital cities (53% vs. 59%).

Women in the 30-49 age group were the most concerned (64%), and men 18-29 least so (32%). The number with very high concern rose most for men 50-64 (51% vs. 41% in Q2). Around 6 in 10 (61%) people in the lower income group were very worried, compared to 55-56% in all other income groups.



Spending more than earning

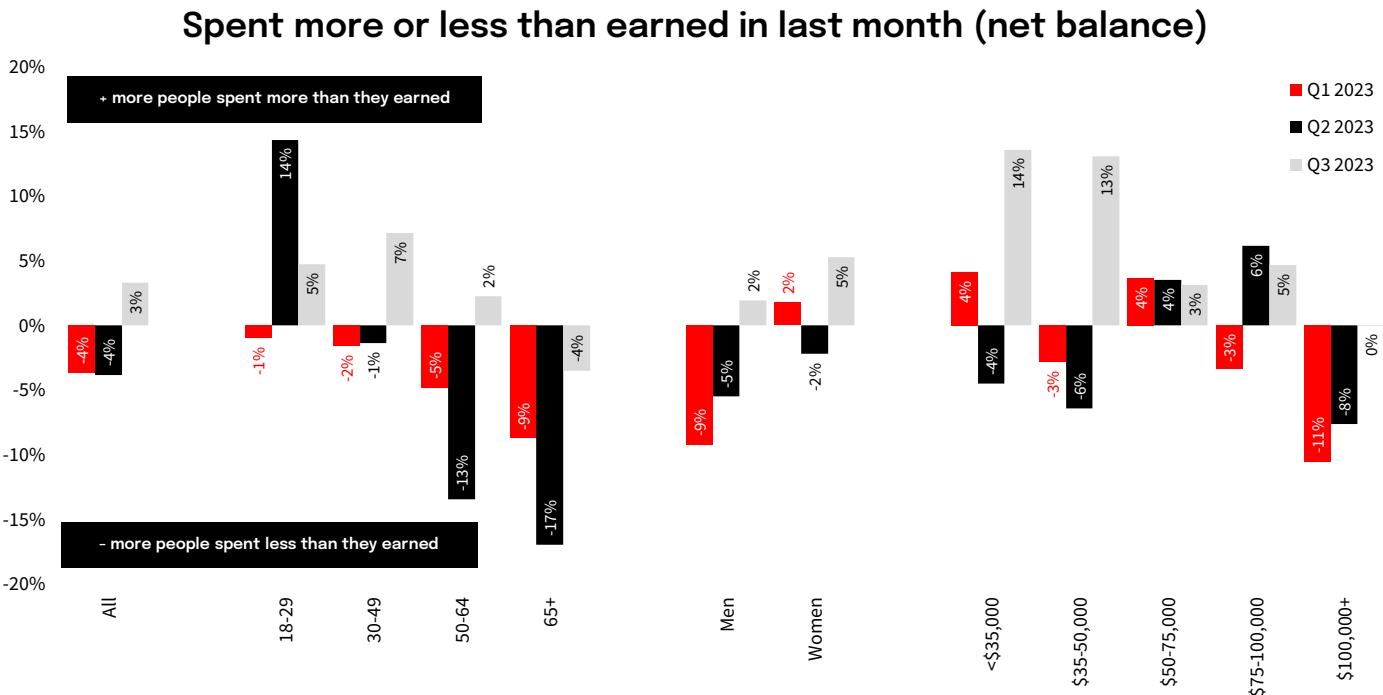
To better understand financial stresses Australian’s face, we ask whether they spent more or less than they earned (either through income or investments or pensions) in the last month. Results are shown in net balance terms below - i.e., a positive number means number who spent more than they earned exceeded those that spent less than they earned, and a negative number means people who spent less outweighed those that spent more.

Overall, the number that spent more slightly outweighed those that spent less in Q3 (+3%), representing a change in behaviours from the previous 2 periods (when we first asked this question), when the number of people spending less outweighed those spending more (+4%).

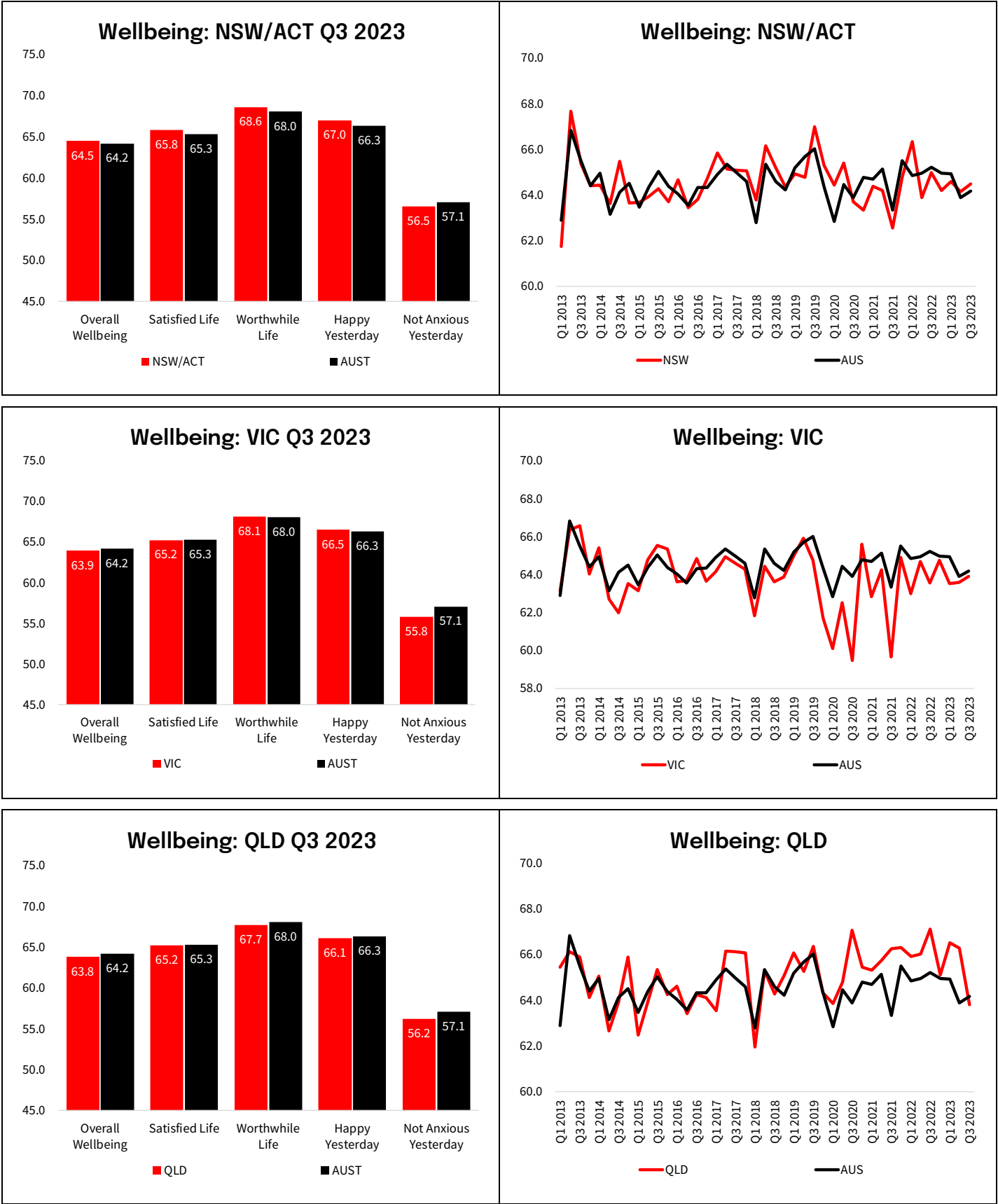
The number of Australians that spent more exceeded those that spent less in Q3 in all age groups bar the over 65s - though the net number that spent less in this group fell materially to -4% (-17% in the previous quarter). The net number spending more was highest in the 30-49 age group (+7%), followed by the 18-29 group (+5%) but down sharply from +14% in Q2).

More women (+5%) and men (+2%) also said they spent more than they earned in Q3, reversing the trends seen in previous quarters for both genders.

By income, people spent more than they earned in all groups in Q3 except in the \$100,000+ group those that spend more and less cancelling each other out (0%). The net number that spent more than they earned in the past month was highest by some margin in the two lowest income brackets (14-13%), most likely reflecting the bigger impact on their incomes from cost of living.

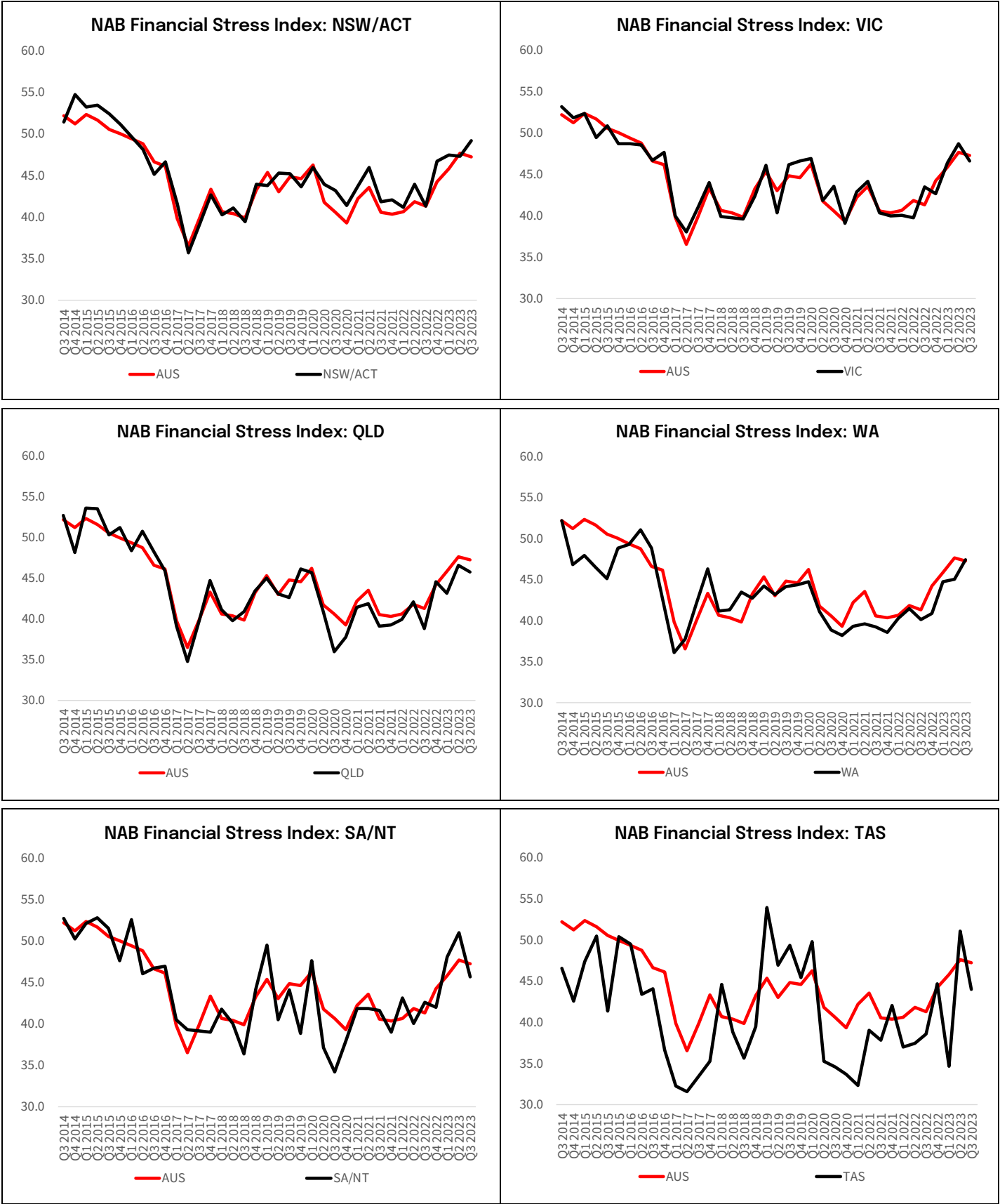


Appendix 1: NAB Wellbeing Index: States





Appendix 2: Financial Stress Index: States



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