

more  
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# NAB Australian Wellbeing Survey

## Q4-2024



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**The NAB Wellbeing Survey provides a key pulse check on the “vibe” of our nation. Wellbeing is back to equal survey lows due to higher anxiety and lower life satisfaction in some key areas. New research shows many Australians believe as a society we’re becoming less patient, polite and kind.** Financial stress is an increasingly influential driver of wellbeing. Financial pressures rose slightly in Q4 but remain below levels seen earlier in 2024. Concerns are still highest among people aged between 30-49 but rising sharply among younger people. Significant numbers of Australians remain wary about the year ahead which is likely influencing their perceptions of their wellbeing. With the past few years being so tumultuous, many are finding it hard to believe there’s really any reprieve on the horizon and are no longer listening to economists. With household pressures expected to ease as the year progresses there’s plenty of room for an uplift in sentiment once people ‘feel’ a greater sense of control and with that a more hopeful agenda should emerge.

### **NAB Behavioural & Industry Economics**

**The NAB Wellbeing Survey explores how Australians feel about their lives in response to changing economic and social conditions and their personal finances. There’s growing recognition that how people experience the economy (the “vibe”), is often as significant as how the economy is measured. While there can be a disconnect between economic data and sentiment, how people feel influences their behaviours and ultimately economic outcomes. People use emotions as information to form beliefs in much the same way they use data and facts. People do not experience the economy in a vacuum. They pick up on what they read, watch, or see and the conversations they have. Humans also have a “negativity bias”, paying more attention to negative than positive information and dwell on these events. And commentary on the economy in particular has been distinctively negative in the past few years. People are drawn to the negative and is driving content too. But people typically feel good or bad for very real reasons. You just have to ask them.**

**NAB has been tracking the wellbeing of Australians quarterly since 2013.** Wellbeing is measured according to personal perceptions of happiness, life satisfaction, life worth and anxiety. These subjective factors go to the core of how people feel about their lives as a whole. In the December quarter 2024, the **NAB Australian Wellbeing Index fell slightly to an equal survey low** 62.8 pts to remain well below the survey average (64.4 pts). These latest results are equivalent to what we recorded when a large proportion of the population was in lockdown during the pandemic. Many Australians are fatigued by enduring economic uncertainty and lack of a clear vision for a better future, and this has translated into how they feel more broadly about the quality of their lives. Lower wellbeing in Q4 largely reflected heightened levels of anxiety. Wellbeing is highest and rose sharply in TAS and remains lowest in VIC. Wellbeing continues to show a strong correlation with age, with older Australians continuing have the highest wellbeing of all groups (along with retirees and those who live in homes they own outright). Wellbeing remains low among the unemployed, singles, renters, and those on the lowest incomes (where it also fell considerably). Lower wellbeing was accompanied by a growing sense of pessimism about the future, having been relatively stable in recent quarters. Australians are coming off several tumultuous years, and many are unsure there is any reprieve on the horizon. Income is important with the number of optimists rising as income grows.

Life satisfaction measures how people evaluate their life as a whole rather than their current feelings. It can be a more robust measure of wellbeing, in part because it is less subject to frequent mood fluctuations. **In the December quarter, Australians scored their satisfaction with all key elements that impact their daily lives lower.** But there are some aspects of life where Australians are much less satisfied. Satisfaction remains lowest and fell further for the way the Federal Government is running the country, Australia’s economy, and for State and Territory Governments. Money also features prominently with satisfaction low in areas such as the ability to fund retirement, overall financial position, and household income. Changes in the kinds of purchases considered to be “essentials”, have fundamentally shifted the way Australians view how affordable their lives are and how they measure their quality of life. Satisfaction with management of the environment was also relatively low.

Since COVID many people report feeling that society is a little more fragile and fractured and as a result navigating everyday interactions is somehow a little trickier. History shows people can turn inward when they feel vulnerable, particularly in times of deep uncertainty. We were keen to know how many Australians feel this way. For the first time we asked them the extent to which they have noticed **people being less patient, polite and kind**. The results are telling. The average score out of a possible 10 pts was 8.0 pts, with almost 4 in 10 (37%) Australians scoring this question 'extremely high' (i.e. 8+ pts). There are many theories why this might be the case. Some argue the proliferation of social media platforms and increasing amount of time spent on technology is influencing face-to-face interactions. Others argue that in the aftermath of global stressful events such as the pandemic and sustained cost of living pressures, there has been an incremental increase of incivility in society.

**The NAB Household Financial Stress Index explores a key subset of wellbeing; the role our finances play in our lives.** This comprehensive measure of financial stress 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 flow on impact of financial stress can also affect mental wellbeing. After having fallen in the past two quarters, NAB's Household Financial Stress Index inched up to 47.2 pts in the December quarter (47.0 pts in Q3) to remain well above the long-term average (44.9 pts). This stress has also likely contributed to a decline in confidence in Government and the direction of the country. Higher financial stress was in line other NAB consumer research for Q4 which also showed consumer stress rising again, and with savings rates down many are cutting back expenditure on household basics, eating out and other more discretionary items such as holidays (**NAB Consumer Sentiment Survey Q4 2024**). Australians reported higher stress for many index components. Not having enough for retirement is still the main contributor to overall financial stress (and by a large margin). It also rose. This was followed by providing for the family's future, purchasing non-essentials, medical bills & healthcare, home improvements & maintenance, major household items, mortgage, rent & housing costs, and children's education. Being unable to meet minimum credit card repayments caused the least financial stress by a considerable margin, followed by food & basic necessities.

**Women continue to report higher stress than men** for all index components especially raising \$2,000 for an emergency, financing retirement, medical bills & healthcare and providing for the family's future. Stress also remains highest in the 30-49 group but rose most among 18-29 year olds amid heightened concern around retirement financing, home improvements & maintenance. Financial stress was noticeably lower for the 65s and for all index components. But like other age groups, stress levels are trending well above average. Financial stress was unchanged in the lower income group but remains much higher, particularly for the ability to raise \$2,000 in an emergency. **The situation remains quite nuanced, and averages can mask those in real need.** Lower income households spend a much larger portion of their income on housing and other essentials. Without a savings buffer, these households can experience more severe financial pain. Some Australians are really hurting but they are typically on lower incomes and have exhausted their savings, while higher income earners and older Australians are feeling relatively better. In the middle the vast majority are still doing ok - they just don't feel that great.

**Slightly more Australians on balance felt worse off financially in Q4 2024** (-26% vs. -25% in Q3), though remains lower than at the same time last year (-31%). Those who felt worse off outweighed those feeling better off in all key groups, except for 18-29 year olds (balanced). More people on balance in all demographic groups felt worse off financially except women, the lower income group and 50-64 age group. A lower share (-3%) however are now expecting to be worse off in 12 months' time (-6% in Q3). But pessimists still outweighed optimists in most groups except in regional cities (+2%), in 18-29 (+27%) and 30-49 (+2%) age groups and the higher income group (+13%). People over 65 (-29%), aged 50-64 (-15%) and in the lower income group (-18%) are the least optimistic.

On balance, the number of Australians who said their incomes fell in the December quarter outweighed those who said they had increased (-2%), reversing the situation in the previous quarter (+1%). An unchanged +24% on balance expect their incomes to increase in the next 12 months. Though savings aspirations among Australians remain high, the number trying to save fell to 75% in the December quarter, down from 77% in the previous quarter and slightly below average (76%). An unchanged -26% on balance also said their savings decreased in the last 3 months. Australians were a little more optimistic about their future savings, with on balance the number expecting savings to fall dipping (-2% vs. -3% in Q3). Expectations were basically unchanged in lower (-18%) and higher (+13%) income groups. With many Australians signalling a fall in their savings in the December quarter, the level of concern over savings increased and also remains somewhat higher than for incomes.

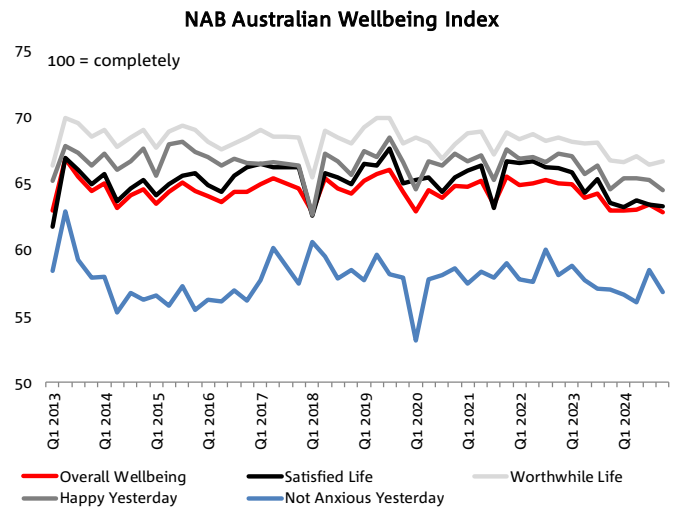
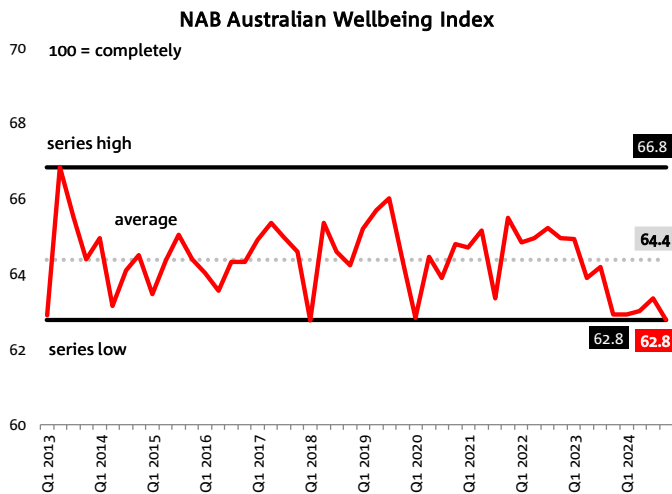
In an environment of persistent cost of living pressures, high interest rates, reduced income and lower savings, inroads into debt reduction by Australians remained relatively low. When asked what they expect to happen to debt levels in the next 12 months, the overall net number who said it will decrease rose slightly to -18% (-17%). A somewhat bigger number in the higher income group anticipate having less debt in the next 12 months (-28% vs. -22%), while far fewer on lower incomes expect to reduce debt levels (-5% vs. -12%). Indebted Australians were more concerned about overall debt levels in December but remains down on the same time last year and is still lower than for savings and income. Concern did however diverge by debt type. It rose for pay day loans, loans from family or friends, personal loans and credit cards but fell for home and investment loans and BNPL. On balance the number of Australians that indicated they had spent more than they earned increased (-3%) in the December quarter (from -1% in Q3).

**New NAB research also confirms significant numbers of Australians are unsure about the year ahead** with the risk of a misstep and full-blown recession not ruled out. In fact, 1 in 2 Australians believe there more chance of recession and higher unemployment. 2 in 3 expect a further rise in inflation, 6 in 10 higher taxes & Government charges, 7 in 10 more scams and 4 in 10 expect interest rates to continue to rise. And with growing uncertainty over the future, 4 in 10 believe their quality of life will fall. This is not the outlook envisioned by most economists. But many people are no longer listening to economists. They are not yet 'feeling' the economy has changed. With the past few years being so tumultuous, they are finding it hard to believe there's really any reprieve on the horizon. With household pressures expected to ease as the year progresses there's plenty of room for an uplift in sentiment and the emergence of a more hopeful agenda.

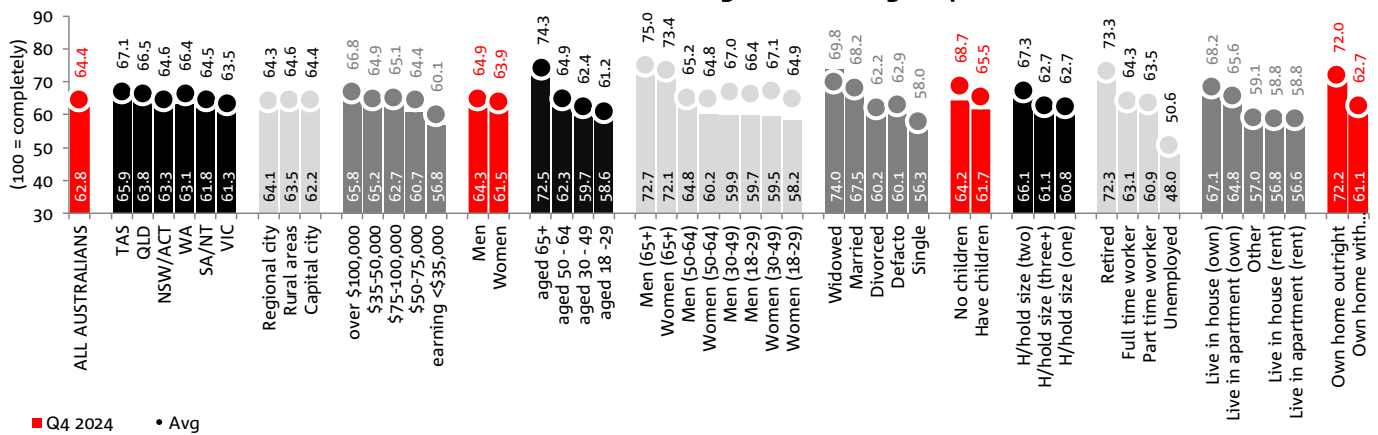
# Part 1: NAB Australian Wellbeing Index

NAB has been tracking the wellbeing of Australians since 2013. Wellbeing is measured according to their own perceptions of happiness, life satisfaction, life worth and anxiety. These subjective factors go to the core of how people feel about their lives as a whole. In the December quarter 2024, the NAB Australian Wellbeing Index fell slightly to an equal survey low 62.8 pts after rising in the previous two quarters to remain well below the survey average (64.4 pts). Lower wellbeing during the quarter largely reflected heightened levels of anxiety, with Australians also less happy. Their sense of life worth however was marginally better and life satisfaction unchanged.

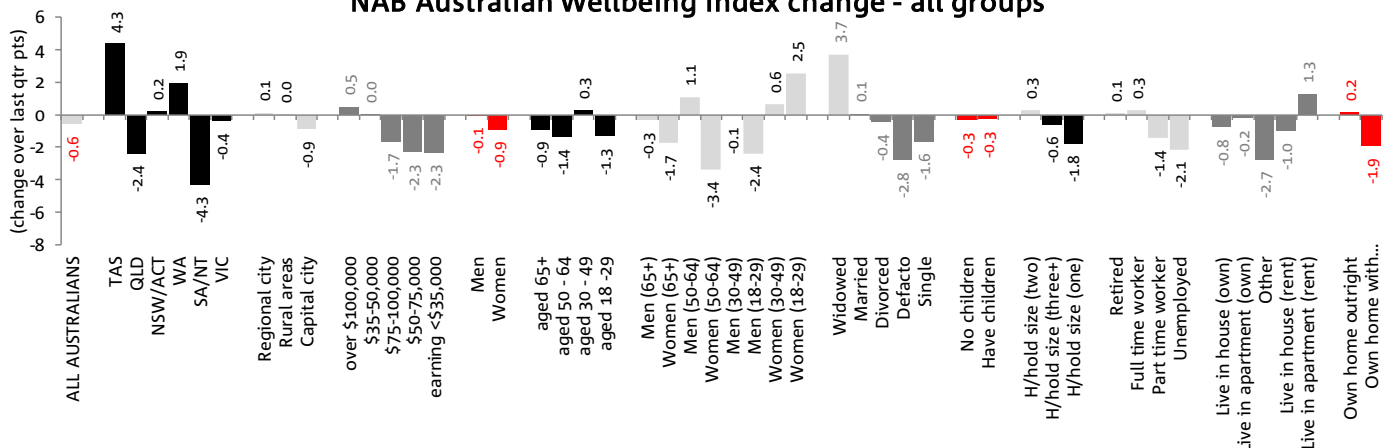
In the December quarter, Australians scored the 'not anxious yesterday' question considerably lower at 56.8 pts, down from 58.5 pts in the previous quarter and 57.0 pts at the same time last year. Anxiety levels also fell below the survey average (57.7 pts) after having printed above average for the first time since early-2023 in the September quarter. Their collective sense of happiness also fell slightly to 64.5 pts (65.2 pts in Q3) to remain well below average (66.4 pts). Life satisfaction was unchanged at 63.3 pts, but life worth was scored a little higher at 66.6 pts (66.4 pts in Q3) - though both measures still printed below average (65.2 pts & 66.4 pts respectively).



## NAB Australian Wellbeing Index - all groups



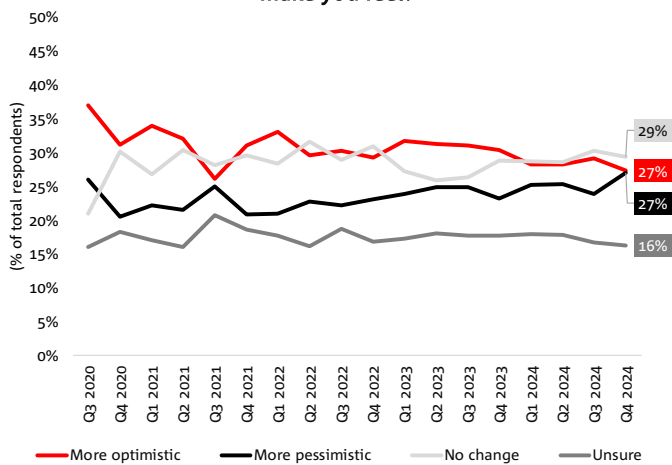
## NAB Australian Wellbeing Index change - all groups



Wellbeing trends did however differ across demographic groups. In the December quarter, Australians in 31 of 49 groups reported lower wellbeing. It was higher in 16 groups and unchanged in 2. All groups however reported below average levels of wellbeing with few exceptions - Australians in the \$35-50,000 income group, widows and people who own their homes outright.

Wellbeing was highest and rose sharply in TAS (up 4.3 to 65.9 pts) and lowest in VIC (down 0.4 to 61.3 pts). Wellbeing also rose in WA (up 1.9 to 63.1 pts) and NSW/ACT (up 0.2 to 63.3 pts) but fell noticeably in SA/NT (down 4.3 to 61.8 pts) and QLD (down 2.4 to 63.8 pts). Wellbeing levels were broadly unchanged in regional cities (64.1 pts) and rural areas (63.5 pts) but fell somewhat in capital cities (down 0.9 to 62.2 pts) and was lowest across the regions. Wellbeing remains highest in the \$100,000+ income group (up 0.5 to 65.8 pts) followed by the \$35-50,000 group (unchanged at 65.2 pts). It was lowest and fell considerably for people earning less than \$35,000 (down 2.3 to 56.8 pts). Both men (down 0.1 to 64.3) and women (down 0.9 to 61.5 pts) scored wellbeing lower. Wellbeing continues to show a strong correlation with age - improving as we get older from 58.6 pts in the 18-29 age group to 72.5 pts among over 65s. All age groups however reported lower wellbeing in December except in the 30-49 age group. Older Australians also continue to score wellbeing highest of all groups along with retirees (72.3 pts) and who live in homes they own outright (72.2 pts). Wellbeing remains lowest among the unemployed (48.0 pts), single people (56.3 pts), who live in a rented apartment (56.6 pts) or house (56.8 pts) and in the lowest income group (56.8 pts).

**How does thinking about the future in general make you feel?**

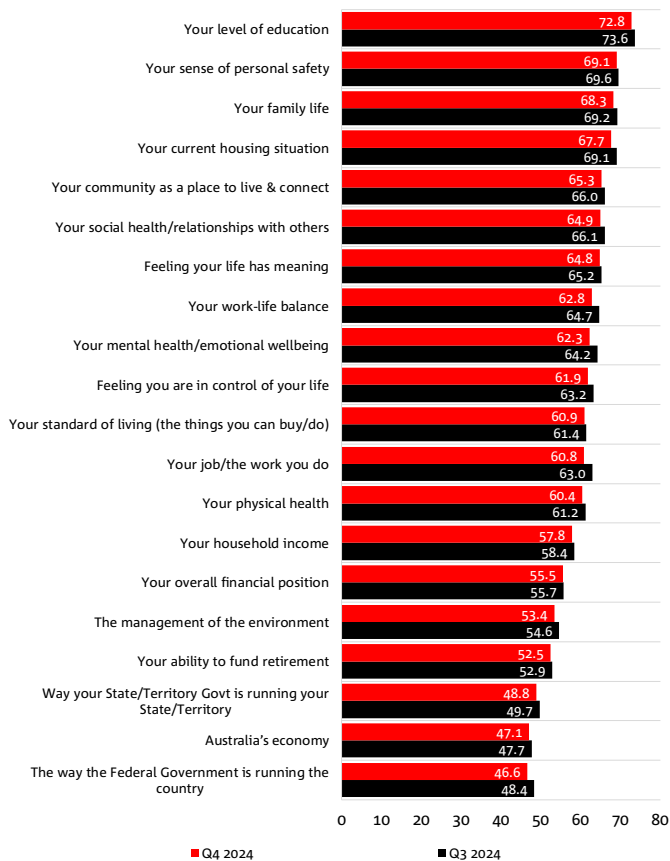


Lower wellbeing in December was accompanied by a growing sense of pessimism about the future. When Australians were asked how thinking about the future made them feel, the number who felt more optimistic was unchanged at 29%. However, the number who more pessimistic rose to 27% from 24% in Q3. Almost 3 in 10 (27%) saw no change while 16% were unsure.

Men in the 30-49 age group were the most optimistic (32%), ahead of women over 65 and 18-29 (30%) and men over 65 (29%). Optimism was lowest for men 18-29 and 50-64 (26%). By state optimism was highest in WA (33%) and SA/NT (31%). It was lowest in QLD and TAS (25%) followed by VIC (26%). By far the highest number of pessimists were in TAS (39%) despite reporting the highest wellbeing.

Income was important with the number of optimists rising as income grew - from 19% in the lowest income group stepping up in each income bracket to 35% in the highest income group.

**Satisfaction with each of the following (score out of 10)**



Life satisfaction measures how people evaluate their life as a whole, rather than their current feelings. It is a more robust measure of wellbeing, in part because it is less subject to mood fluctuations. In the December quarter, NAB research found Australians scored satisfaction with all key elements that impact their daily lives lower.

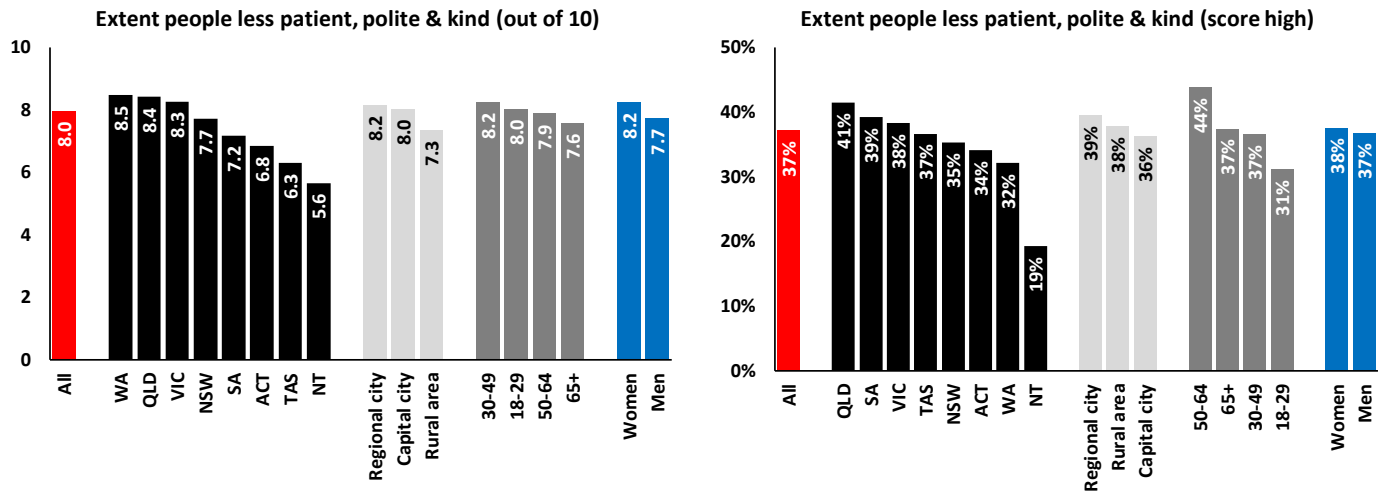
Satisfaction however remained highest for level of education (72.8 pts vs. 73.6 pts), followed by sense of personal safety (69.1 pts vs. 69.6 pts), family life (68.3 vs. 69.2 pts) and current housing situation (67.7 pts vs. 69.1 pts). Intrinsic factors were also relatively high contributors to life satisfaction in December including community as a place to live & connect (65.3 pts vs. 66.0 pts), social health & relationships with others (64.9 pts vs. 66.1 pts) and feeling life has meaning (64.8 pts vs. 65.2 pts).

Australians also scored quite high for work life balance (62.8 vs. 64.7 pts), mental health & emotional wellbeing (62.3 pts vs. 64.2 pts), feeling in control of their lives (61.9 pts vs. 63.2 pts), standard of living (60.9 pts vs. 61.4 pts), jobs or work they do (60.8 pts vs. 63.0 pts) and physical health (60.4 pts vs. 61.2 pts).

Satisfaction was lowest for factors they could not control - the way Federal Government is running the country (46.6 pts vs. 48.4 pts), Australia's economy (47.1 pts vs. 47.7 pts), and the way state Government is running their state (48.8 pts vs. 49.7 pts).

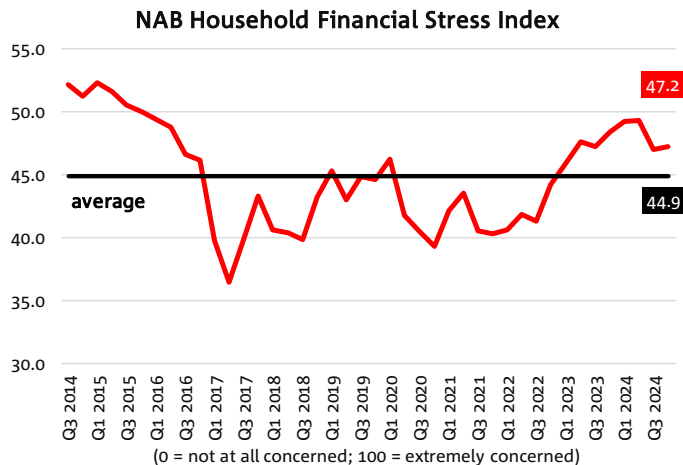
Finances were also problematic with Australians still scoring relatively low for ability to fund retirement (52.5 pts vs. 52.9 pts), overall financial position (55.5 pts vs. 55.7 pts) and household income (57.8 vs. 58.4 pts). Satisfaction with management of the environment was also relatively low (53.4 pts vs. 54.6 pts).

Speculation abounds that the modern pace of life, constant stress and lack of time have made people less polite patient and kind. To test this, NAB asked Australians for the first time to score the extent they have noticed people being less patient, polite and kind. The results are telling. On average, they scored 8.0 pts out of 10 (10 is significantly), and almost 4 in 10 (37%) 'very high' (i.e. 8+ pts).



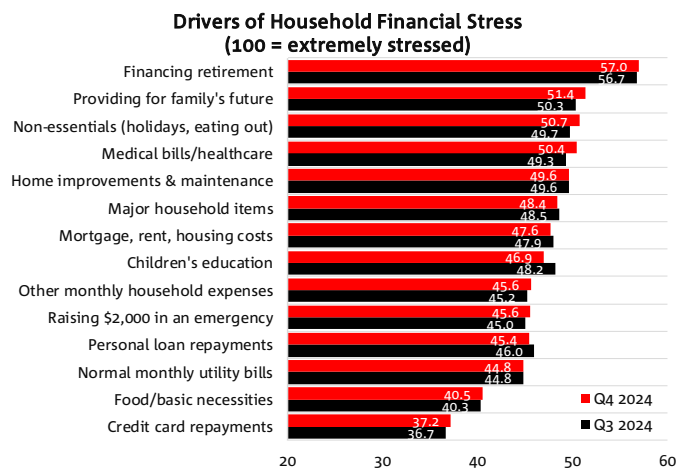
Perceptions varied across key groups. The extent people were less patient, polite & kind was highest in WA (8.5 pts), QLD (8.4 pts) and VIC (8.3 pts), and well above the NT (5.6 pts) and TAS (6.3 pts). Australians in regional (8.2 pts), and capital (8.0 pts) cities also scored somewhat higher than in rural areas (7.3 pts). Age was not overly significant with scores ranging from 8.2 pts in the 30-49 group to 7.6 pts among over 65s, but women (8.2 pts) scored somewhat higher than men (7.7 pts). A very large number of Australians in most states and territories also scored the extent people were less patient, polite & kind very high. Around 4 in 10 in QLD (41%), SA (39%), VIC (38%) and TAS (37%) scored very high, as did around 1 in 3 in NSW (35%), ACT (34%) and WA (32%). In contrast only 1 in 5 (19%) in the NT scored very high. It ranged narrowly from 39% in regional cities to 36% in capital cities, but more widely across age groups from 44% in the 50-64 group to 31% in the 18-29 group. A broadly similar number of women and men scored very high (38% & 37% respectively).

## Part 2: Household Financial Stress



The **NAB Household Financial Stress Index** looks specifically at the role our finances play in wellbeing. This comprehensive measure of financial stress 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.

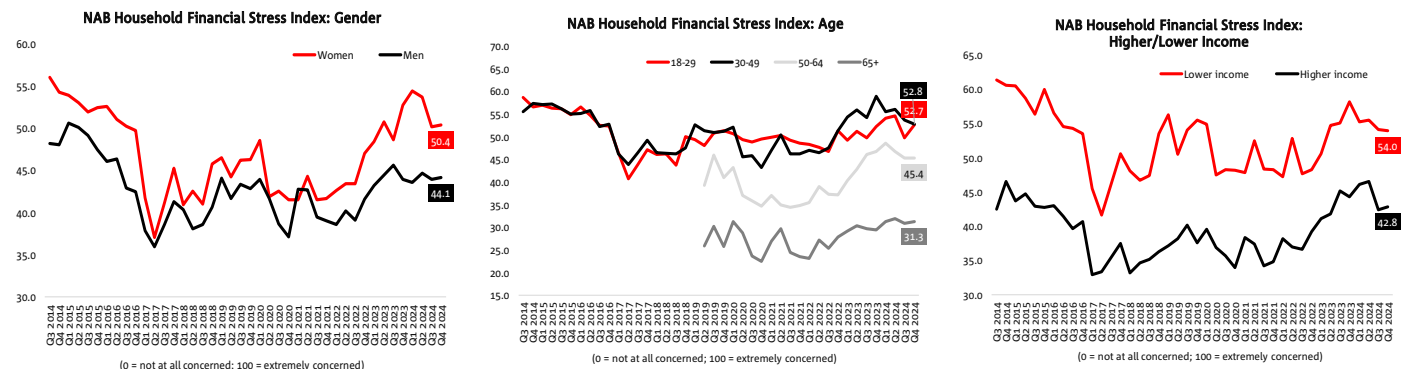
After having fallen in the last two quarters, NAB's Household Financial Stress Index inched up to 47.2 pts in the December quarter (47.0 pts in Q3) to remain well above the long-term average (44.9 pts). Higher financial stress was in line other NAB consumer research for Q4 which also showed consumer stress rising again (with many wary about the year ahead), and cost of living concerns also inching up and still the main driver of consumer stress (**NAB Consumer Sentiment Survey Q4 2024**).



Australians reported higher stress for most index components in Q4, except personal loan repayments, children's education and mortgage, rents & housing costs where stress eased, and normal monthly utility bills, major household items and home improvements & maintenance.

That said, overall stress is still above average for all index components bar being able to raise \$2,000 for an emergency. Not having enough for retirement is still the main contributor to overall financial stress (and by a large margin). It also rose to 57.0 pts (56.7 pts in Q3). This was followed by providing for the family's future (51.4 pts vs. 50.3 pts), non-essentials (50.7 pts vs. 49.7 pts), medical bills & healthcare (50.4 pts vs. 49.3 pts), home improvements & maintenance (unchanged at 49.6 pts), major household items (48.4 pts vs. 48.5 pts), mortgage, rent & housing costs (47.6 pts vs. 47.9 pts) and children's education (46.9 pts vs. 48.2 pts).

Being unable to meet minimum credit card repayments caused the least financial stress by a considerable margin (37.2 pts vs. 36.7 pts), followed by food & basic necessities (40.5 pts vs. 40.3 pts).



Women and men reported higher financial stress in Q4. Women continue to report higher stress than men for all index components especially raising \$2,000 for an emergency (49.7 pts vs. 41.6 pts), financing retirement (60.9 pts vs. 53.0 pts), medical bills & healthcare (54.3 pts vs. 46.6 pts) and providing for the family’s future (55.3 pts vs. 47.7 pts). Stress also remains highest in the 30-49 group (52.8 pts) but rose most in the 18-29 group (up 2.8 to 52.7 pts) amid heightened concern around retirement financing, home improvements & maintenance. Overall financial stress was noticeably lower in the over 65 group (31.3 pts) and for all index components. But like in all other age groups, stress levels trended well above average. Financial stress inched down in the lower income group (54.0 pts vs. 54.1 pts) but rose in the higher income group (42.8 pts vs. 42.5 pts). Stress is however still much higher for all components in the lower income group, particularly being able to raise \$2,000 for an emergency (57.3 pts vs. 39.9 pts) - see table below for full detail.

**NAB Household Financial Stress Index: Key groups (Q4 2024)**

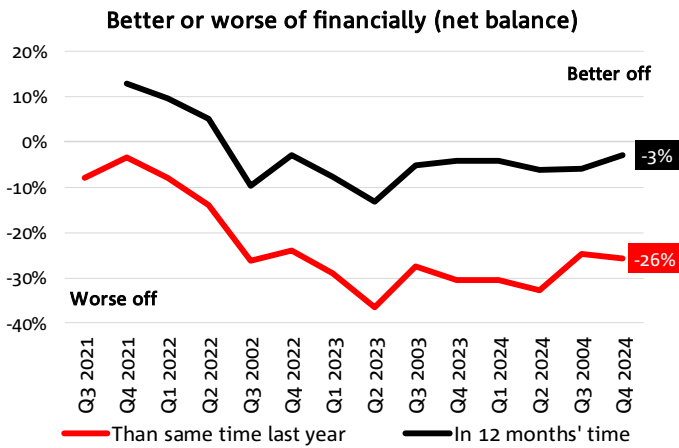
	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Financing retirement	57.0	60.9	53.0	59.4	62.0	59.1	43.8	65.8	52.2
Providing for family's future	51.4	55.3	47.7	56.9	58.7	47.8	34.2	58.3	48.5
Non-essentials (holidays, eating out)	50.7	53.9	47.5	55.7	55.9	50.1	37.3	58.8	46.8
Medical bills/healthcare	50.4	54.3	46.6	55.0	55.7	50.4	37.2	58.6	45.7
Home improvements & maintenance	49.6	52.9	46.3	55.3	54.9	48.2	36.3	55.0	45.3
Major household items	48.4	51.9	44.9	52.8	53.5	49.0	35.5	56.7	42.9
Mortgage, rent, housing costs	47.6	49.6	45.6	53.2	52.5	43.8	30.5	50.6	43.5
Children's education	46.9	48.4	45.8	51.0	51.6	39.1	24.0	46.6	45.1
Other monthly household expenses	45.6	49.1	42.1	51.8	50.9	45.2	31.3	53.5	40.3
Raising \$2,000 in an emergency	45.6	49.7	41.6	53.1	52.3	44.2	28.7	57.3	39.9
Personal loan repayments	45.4	48.1	42.8	51.3	49.5	40.7	26.6	50.0	39.7
Normal monthly utility bills	44.8	48.3	41.3	51.5	50.8	44.2	29.0	52.2	40.0
Food/basic necessities	40.5	43.4	37.7	47.7	46.4	39.6	25.0	50.8	34.9
Credit card repayments	37.2	39.6	35.1	42.8	45.0	34.1	19.5	41.2	34.8
<b>NAB Financial Stress Index</b>	<b>47.2</b>	<b>50.4</b>	<b>44.1</b>	<b>52.7</b>	<b>52.8</b>	<b>45.4</b>	<b>31.3</b>	<b>54.0</b>	<b>42.8</b>

Financial stress levels increased in all states bar NSW/ACT (46.5 pts vs. 49.3 pts) and TAS where it was lowest and fell significantly (down 16.5 to 35.7 pts). It was highest in SA/NT (up 7.6 to 49.5 pts) and VIC (up 1.7 to 49.3 pts). TAS is now the only state report below average levels of household financial stress. Financial stress levels moderated in rural areas (down 0.3 to 47.5 pts) and capital cities (down 0.1 to 46.8 pts) but increased in regional cities (up 1.6 to 48.5 pts). Stress levels however are still well above average in all regions.

**NAB Household Financial Stress Index: States & Regions (Q4 2024)**

	NSW/ACT	VIC	QLD	WA	SA/NT	TAS	Capital	Regional	Rural
Medical bills/healthcare	49.7	52.3	47.8	53.1	53.1	39.7	50.4	51.6	48.4
Mortgage, rent, housing costs	47.0	50.9	44.7	47.5	49.6	36.8	48.1	47.6	45.5
Credit card repayments	37.1	39.7	35.7	38.6	35.0	20.8	36.3	38.6	39.9
Personal loan repayments	45.2	46.5	45.3	43.9	48.2	31.1	44.5	47.6	46.7
Children's education	47.6	49.6	43.3	47.6	47.7	24.4	46.0	48.6	49.2
Food/basic necessities	39.4	43.0	37.5	42.7	43.3	32.9	40.3	41.1	40.4
Normal monthly utility bills	43.5	48.5	42.0	44.3	47.8	35.9	44.1	46.2	46.1
Non-essentials (holidays, eating out)	49.3	52.3	49.5	53.3	53.8	38.5	50.6	51.2	50.1
Raising \$2,000 in an emergency	45.0	46.9	42.9	47.9	49.1	39.2	44.4	48.0	47.9
Financing retirement	55.6	57.4	54.9	61.8	61.7	51.0	56.8	57.6	57.1
Providing for family's future	51.7	53.2	48.6	51.9	53.6	38.0	51.2	52.4	50.4
Other monthly household expenses	43.9	48.6	43.7	47.6	48.0	35.0	44.8	47.5	46.3
Major household items	47.3	50.3	47.1	50.1	51.0	38.5	48.0	50.1	48.0
Home improvements & maintenance	49.1	51.2	47.4	52.1	51.6	37.5	49.2	51.4	48.3
<b>NAB Financial Stress Index</b>	<b>46.5</b>	<b>49.3</b>	<b>45.0</b>	<b>48.7</b>	<b>49.5</b>	<b>35.7</b>	<b>46.8</b>	<b>48.5</b>	<b>47.5</b>

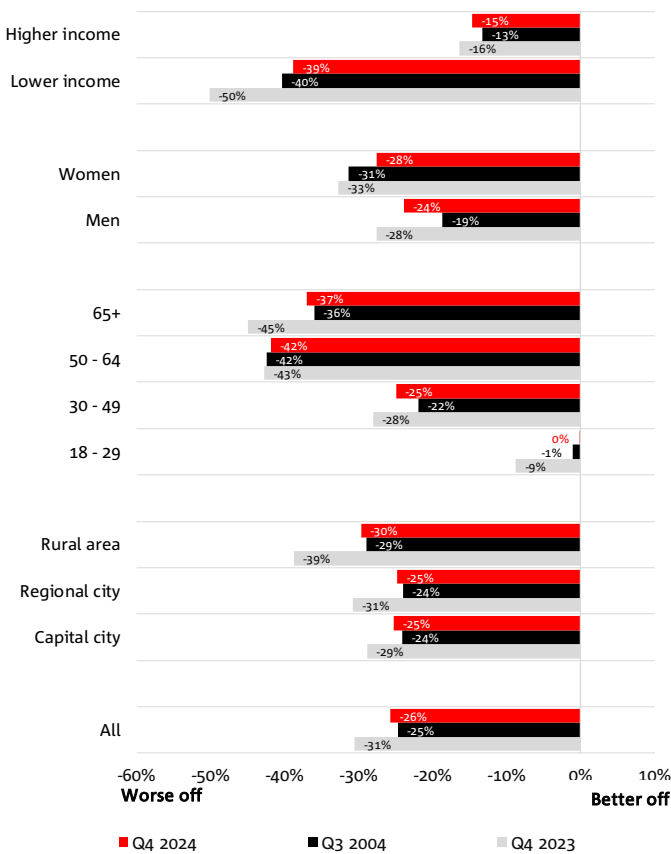
## How households feel they are travelling financially



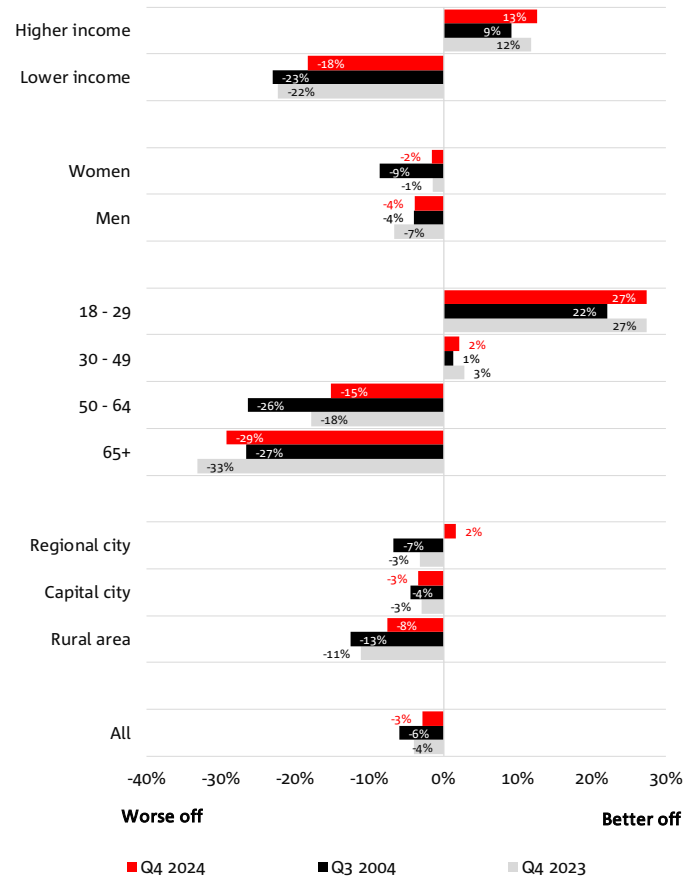
Building on the theme of a slightly more stressed consumer in the December quarter, a slightly more Australians in net terms also felt worse off financially (-26%) than in the previous quarter (-25%), though lower than at the same time last year (-31%). Those who felt worse off outweighed those better off in all key groups, except the 18-29 age group (balanced). More people on balance in all groups also felt worse off financially except women, the lower income group and 50-64 age group.

Australians are however more optimistic about the future with a lower -3% now expecting to be worse off in 12 months' time (-6% in Q3). But pessimists still outweighed optimists in most groups except in regional cities (+2%), in 18-29 (+27%) and 30-49 (+2%) age groups and the higher income group (+13%). People over 65 (-29%), aged 50-64 (-15%) and in the lower income group (-18%) are the least optimistic.

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



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



## The impact of income, savings, and debt

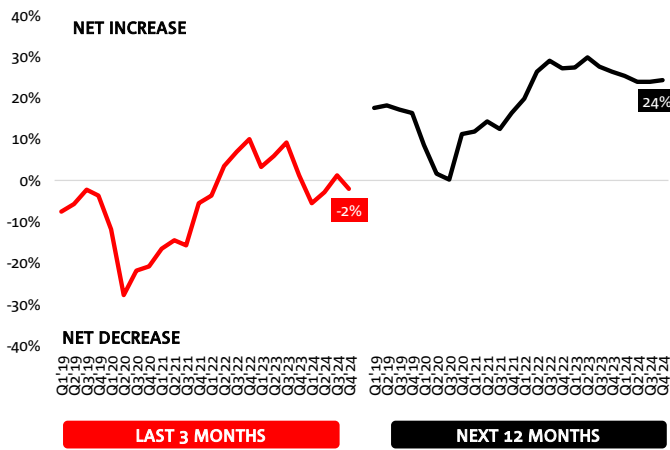
NAB's most recent assessment is that wage-inflationary pressure in the labour market eased substantially over the past year or so. This has been mirrored in a faster-than-expected moderation in WPI wage growth which has annualised around 3.2% over the past three quarters.

Against this backdrop, the net number of Australians who said their incomes or pay fell in the December quarter outweighed those who said it increased (-2%) in the last 3 months, reversing the situation in the previous quarter where more people on balance said incomes had risen (+1%). On balance, more men (+3%), over 65s (+4%) and higher income earners (+7%) said their incomes increased in the last 3 months, whereas more said it had fallen in all other groups led by lower income earners (-8%), women (-7%) and 18-29 year olds (-6%).

Looking forward, an unchanged +24% on balance expect their incomes to increase in the next 12 months. Expectations were a little weaker for women (+21% vs. +22%) but a higher for men (+28% vs. +25%). Age groups under 50 remain much more positive about future incomes than those over 50. Expectations were basically unchanged for Australians in lower (+14% vs. 15%) and higher (+37% vs. 37%) income groups - see table below.



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

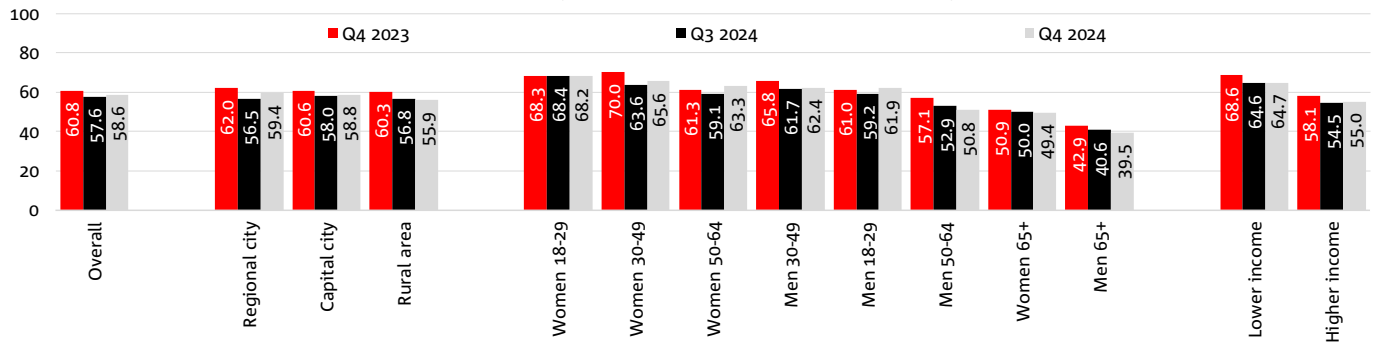


What happened/will happen to your level of household income (net balance)

	Last 3 months	Next 12 months
Women	-7% (-2%)	+21% (+22%)
Men	+3% (+4%)	+28% (+25%)
Age 18-29	-6% (-6%)	+36% (+38%)
Age 30-49	-2% (+4%)	+31% (+30%)
Age 50-64	-4% (-4%)	+14% (+14%)
Age 65+	+4% (+8%)	+12% (+10%)
Lower income	-8% (-11%)	+14% (+15%)
Higher income	+7% (+11%)	+37% (+37%)

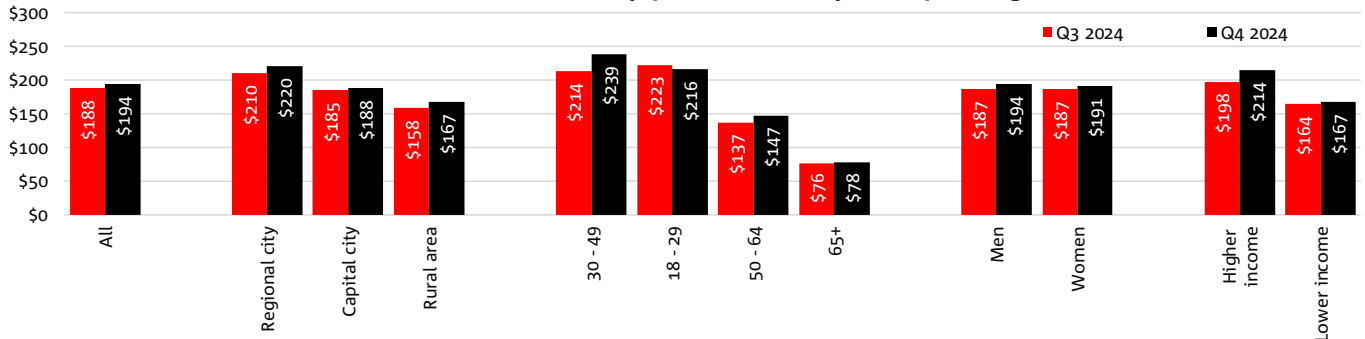
\*Figures in parentheses previous quarter

Level of concern over your income (100 = extremely concerned)



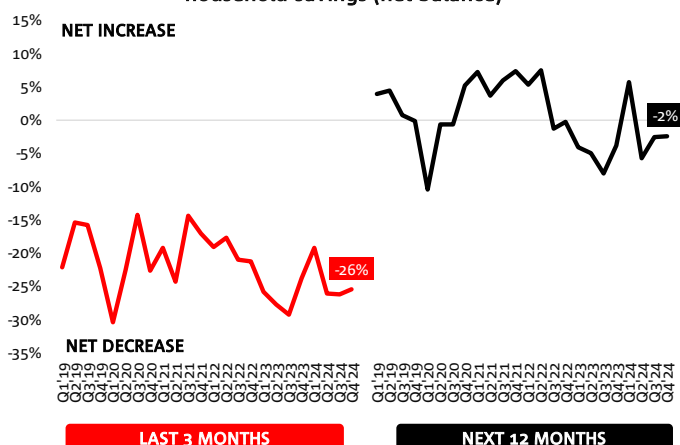
With fewer Australians on balance indicating incomes had risen in the past 3 months, they were also more concerned about their income. When asked to score their concern, they scored 58.6 pts (up from 57.6 pts in the previous quarter but down from 60.8 pts at the same time last year). Concern grew in regional (59.4 pts vs. 56.5 pts) and capital (58.8 pts vs. 58.0 pts) cities but eased in rural areas (55.9 pts vs. 56.8 pts). It was higher for women than men in all respective age groups and ranged overall from 39.5 pts for men over 65 to 68.2 pts for women 18-29. Though the level of concern among women fell with age, it was highest in the 30-49 age group for men. Income stress was noticeably higher in the lower income group (64.7 pts) than in the higher income group (55.0 pts), and also increased in both income cohorts.

How much extra money per week are you expecting?



Though more Australians predict lower incomes over the next 12 months, those who expect their incomes to increase expect to receive more. When asked to estimate by how much they expected their weekly income to rise, average expectations increased to \$194 (\$188 in Q3). Expectations were higher in all regions, led by regional cities (\$220), and in all age groups except the 18-29 age group, with expectations ranging from \$239 among 30-49 year olds to \$78 for over 65s. Men (\$194) and women (\$191) expect to receive more and a roughly similar amount. Expectations were also in both higher (\$214 vs. \$198) and lower (\$197 vs. \$164) income groups.

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



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

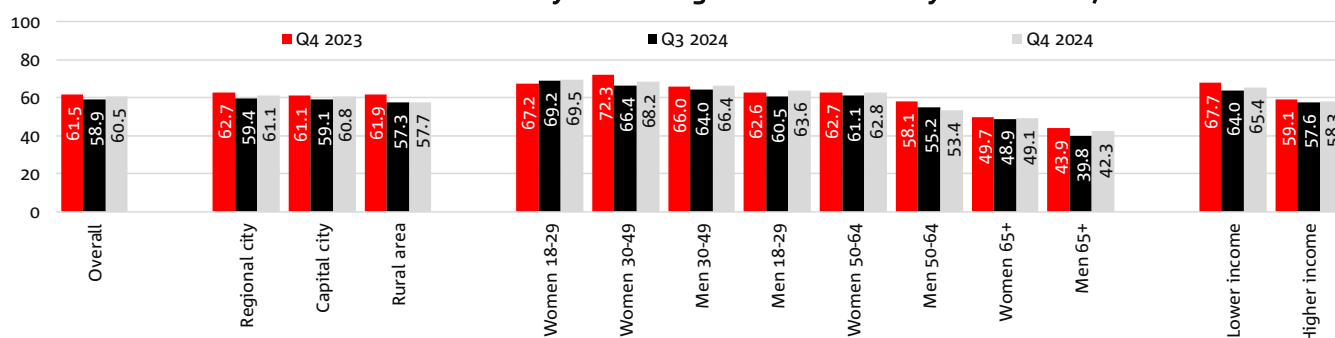
	Last 3 months	Next 12 months
Women	-31% (-32%)	-2% (-7%)
Men	-20% (-21%)	-3% (+1%)
Age 18-29	-12% (-18%)	+26% (+30%)
Age 30-49	-25% (-24%)	+1% (+2%)
Age 50-64	-36% (-37%)	-14% (-20%)
Age 65+	-30% (-28%)	-24% (-26%)
Lower income	-39% (-45%)	-18% (-19%)
Higher income	-16% (-14%)	+13% (+13%)

\*Figures in parentheses previous quarter

Though savings aspirations among Australians were quite high, the number trying to save fell to 75% in the December quarter, down from 77% in the previous quarter and below average (76%). An unchanged -26% on balance also said their savings decreased in the last 3 months. Broadly unchanged numbers of women (-31%) and men (-20%) also said they fell. Similar numbers also indicated their savings fell in all age groups, except 18-29 year olds with somewhat fewer reporting lower savings (-12% vs. -18%). The survey also recorded a fall in the lower income group who ran down savings (-39% vs. -45%) but a higher number that did in the higher income group (-16% vs. -14%).

Australians were a little more optimistic about their future savings, with the net number expecting savings to fall dipping (-2% vs. -3% in Q3). Thought women were less pessimistic (-2% vs. -7%) men were more pessimistic (-3% vs. +1%). Fewer people in the 18-29 (+26% vs. +30%) and 30-49 (+1% vs. +2%) see their savings increasing in the next 12 months, while fewer see them falling in 50-64 (-14% vs. -20%) and over 65 (-24% vs. -26%) age groups. Expectations were basically unchanged in lower (-18%) and higher (+13%) income groups.

Level of concern over your savings 100 = extremely concerned)

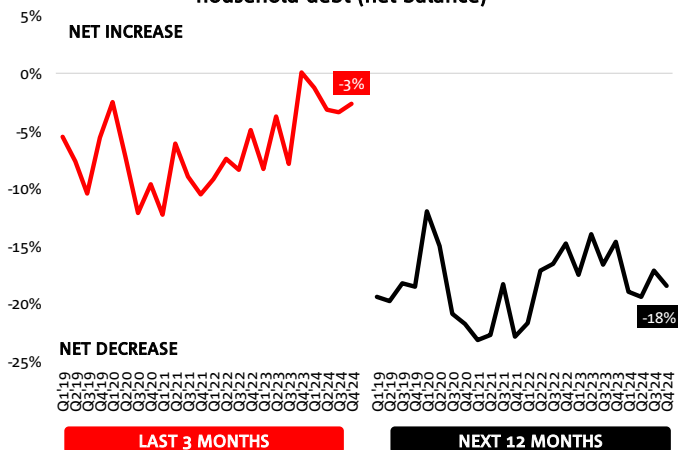


With many Australians signalling a fall in their savings in the December quarter, their level of concern over their savings increased to 60.5 pts (58.9 pts in the previous quarter). Savings concern increased in all regions and ranged from 61.1 pts in regional cities to 57.7 pts in rural areas. It also rose in all gender & age groups, except for men aged 50-64 (53.4 pts vs. 55.2 pts). Concern over savings also remained much higher in the lower income group (65.4 pts) than the higher income group (58.3 pts). The overall level of concern over savings also remains somewhat higher than for incomes (60.5 pts vs. 58.6 pts).

In an environment of persistent cost of living pressures, high interest rates, reduced income and lower savings, inroads into debt reduction by Australians remained relatively low. In the December quarter, an unchanged -3% said debt levels fell (i.e., the number who said it fell out-weighed those who said it rose). Outcomes did not vary materially for women (-2% vs. -1% in Q3), but the number of men who reported lower debt halved to -3% (-6% in Q3). By age, an unchanged -3% in the 18-29 group reported lower debt, while a slightly higher -4% in the 50-64 group said debt fell and a lower -6% in the over 65 group. However more 30-49 year olds on balance said debt levels rose (+1%). We also noted a significant rise in the lower income group who reported higher debt levels (+9% up from +2%) - see charts & table below.

When asked what they expect to happen to debt levels in the next 12 months, the overall net number who said it will decrease rose slightly to -18% (-17%). More women (-21% vs. -17%) see debt levels falling but fewer men do (-16% vs. -17%). By age, more 18-29 (-19% vs. -14%) and 50-64 (-21% vs. -17%) year olds see debt levels falling. Expectations were unchanged in 30-49 group (-21%), while fewer people over 65 expect debt levels to fall (-12% vs. -14%). A somewhat bigger number in the higher income group anticipate having less debt in the next 12 months (-28% vs. -22%), while far fewer in the lower income group expect to reduce debt level (-5% vs. -12%).

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



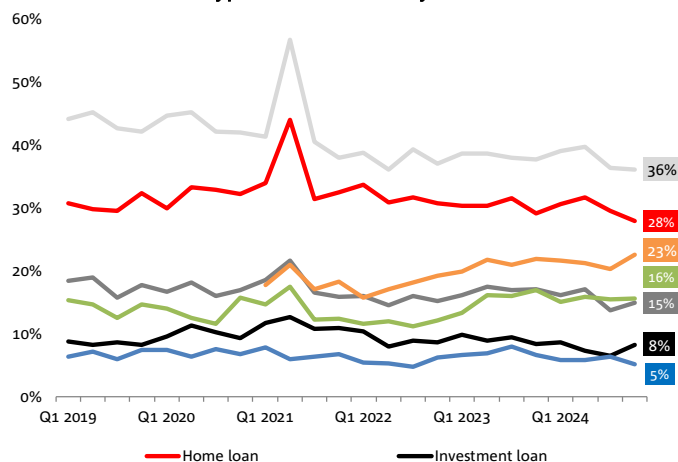
What happened/will happen to your level of household debt (net balance)

	Last 3 months	Next 12 months
Women	-2% (-1%)	-21% (-17%)
Men	-3% (-6%)	-16% (-17%)
Age 18-29	-3% (-3%)	-19% (-14%)
Age 30-49	+1% (-1%)	-21% (-21%)
Age 50-64	-4% (-1%)	-21% (-17%)
Age 65+	-6% (-10%)	-12% (-14%)
Lower income	+9% (+2%)	-5% (-12%)
Higher income	-10% (-7%)	-28% (-22%)

\*Figures in parentheses previous quarter

Most Australians had credit card debt (36%) in the December quarter, followed by home loans (28%), BNPL (23%), loans from family or friends (16%), personal loans (15%), investment loans (7%) and pay day loans (5%). Credit card debt was held by considerably more men (40%), in all age groups over 30 and in the higher income group (43%). Home loans were much more prevalent among 30-49 year olds (41%) and the higher income group (43%). Noticeably more women (26%) and 18-29 (28%) and 30-49 (29%) year olds had BNPL debt. Loans from family or friends were much more prevalent in 18-29 (23%) and 30-49 (21%) age groups and the lower income group (21%). Noticeably more 18-29 (25%) and 30-49 (20%) year olds and higher income earners (19%) had personal loans. Investment loans were somewhat more common among 30-49 year olds (12%) and in the higher income group (15%), with pay day loans somewhat more common among 18-29 (8%), 30-49 (7%) year olds and higher income earners (7%).

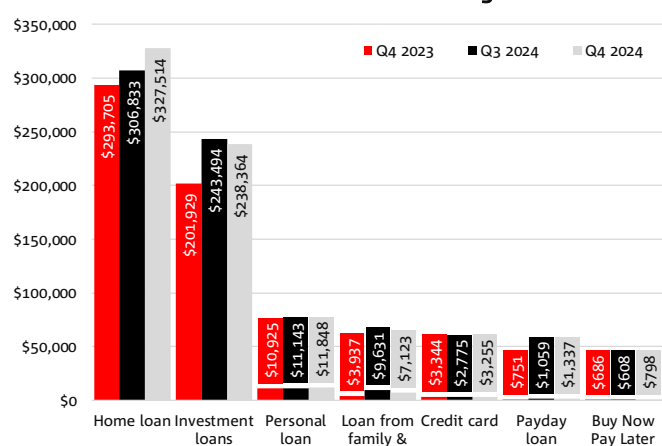
Types of debt currently held



Type of debts held (Q4 2024)

	Credit card	Home loan	BNPL	Family /friend	Pers. loan	Invest loan	Pay-day
All	36%	28%	23%	16%	15%	8%	5%
Women	33%	28%	26%	17%	15%	7%	6%
Men	40%	27%	19%	14%	15%	9%	5%
18-29	22%	23%	28%	23%	25%	8%	8%
30-49	40%	41%	29%	21%	20%	12%	7%
50-64	41%	29%	21%	11%	9%	7%	3%
65+	39%	9%	8%	4%	3%	2%	1%
Low Inc	23%	8%	23%	21%	11%	2%	5%
High Inc	43%	43%	24%	13%	19%	15%	7%

Loan amounts outstanding



Australians holding any of these debts in the December quarter were asked to estimate how much was outstanding on each of them. It was highest for home loans and increased to (\$327,514), followed by investment loans (\$238,364).

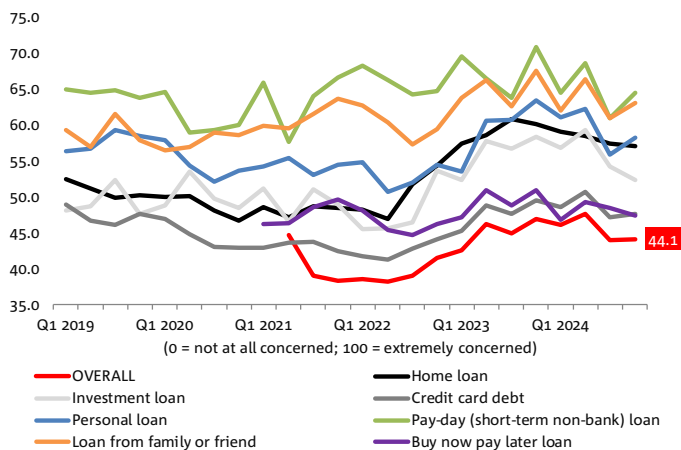
Outstanding balances on personal loans were slightly higher (\$11,848) but were somewhat lower for loans from family or friends (\$7,123). Credit card debt increased (\$3,255 vs. \$2,775) as did payday loans (\$1,337 vs. \$1,059) and BNPL (\$798 vs. \$608).

Outstanding loan balances were highest in the 30-49 age group for all types of debt in the December quarter with the exception of pay day loans which was highest in the 18-29 age group. Men said they had more outstanding debt than women across all types of debt, except for investment loans which was significantly higher for women (\$313,556 vs. \$194,042). Not surprisingly, outstanding debts were much higher in the higher income group, particularly pay day loans and loans from family or friends, which were around 7 times higher than in the lower income group - see table below.

Current outstanding balances on loans: Q4 2024

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Home loan	\$327,514	\$328,503	\$396,581	\$237,092	\$127,838	\$356,011	\$302,143	\$112,638	\$401,245
Investment loan	\$238,364	\$29,794	\$321,815	\$313,153	\$244,144	\$194,042	\$313,556	\$104,820	\$250,376
Personal loan	\$11,848	\$10,618	\$14,439	\$8,936	\$8,766	\$12,404	\$11,389	\$4,905	\$14,869
Loan from family & friends	\$7,123	\$2,133	\$12,662	\$9,707	\$3,003	\$9,354	\$5,236	\$3,023	\$19,155
Credit card	\$3,255	\$2,105	\$4,592	\$3,167	\$2,350	\$3,416	\$3,112	\$2,388	\$4,019
Payday loan	\$1,337	\$1,548	\$1,483	\$1,170	\$179	\$1,338	\$1,333	\$308	\$2,150
Buy now pay later (BNPL)	\$798	\$571	\$971	\$851	\$633	\$882	\$743	\$609	\$1,071

Level of concern over debts held



Indebted Australians were more concerned about overall debt levels in December, scoring 44.1 pts (43.9 pts in Q3 but down from 46.9 pts at the same time last year). Concern over debt however is still lower than for savings (60.5 pts) and income (58.6 pts).

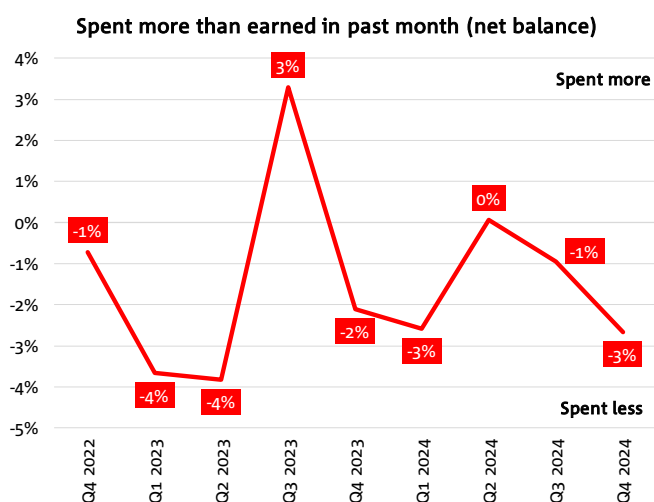
Concern did however diverge by debt type. It rose for pay day loans (64.5 pts vs. 60.9 pts), loans from family or friends (63.0 vs. 60.9 pts), personal loans (58.2 vs. 55.9 pts) and credit cards (47.6 pts vs. 47.1 pts) but fell for home (57.0 pts vs. 57.3 pts) and investment (52.3 pts vs. 54.2 pts) loans and BNPL (47.4 pts vs. 48.4 pts).

Overall concern rose for women (46.9 pts vs. 46.5 pts) but fell for men (41.2 pts vs. 41.4 pts). Women also worried much more about investment loans (61.8 pts vs. 44.3 pts) and credit card debt (52.3 pts vs. 43.6 pts) but men payday loans (68.1 pts vs. 61.4 pts). Pay day loans and loans from family or friends were of highest concern for 50-64 year olds, personal loans, home loans, investment loans and credit cards in the 30-49 group and pay day loans for 18-29 year olds. Higher income earners worried more about overall debt than lower income earners. They worried much more about payday loans, but in the lower income group investment loans - see below.

Concern over debts held Q4 2024: gender, age & higher/lower income

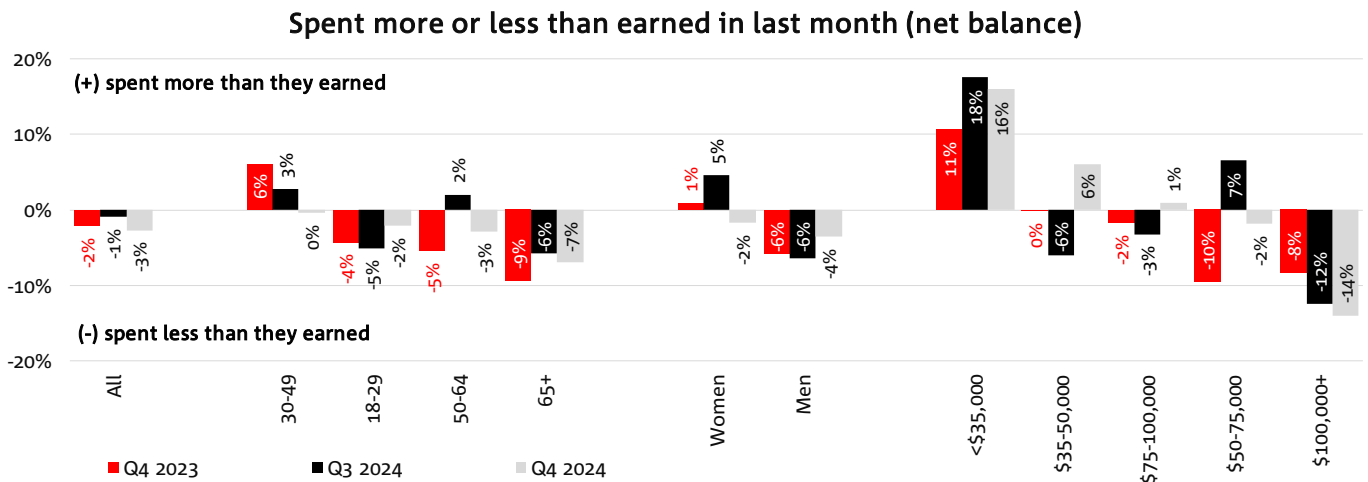
	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Pay-day (short-term non-bank) loan	64.5	61.4	68.1	59.0	67.5	71.9	43.7	57.9	69.7
Loan from family or friend	63.0	62.0	64.0	57.7	65.4	68.3	59.3	61.3	59.9
Personal loan	58.2	58.4	57.9	56.8	62.0	53.5	41.1	56.0	55.8
Home loan	57.0	57.7	56.1	57.9	60.7	52.9	41.1	59.4	53.7
Investment loan	52.3	61.8	44.3	51.3	59.7	43.5	18.2	68.2	50.3
Credit card debt	47.6	52.3	43.6	57.0	53.5	46.3	33.9	54.4	41.8
Buy Now Pay Later (BNPL)	47.4	47.4	47.7	50.9	47.8	47.6	31.8	48.1	40.5
<b>Overall debts</b>	<b>44.1</b>	<b>46.9</b>	<b>41.2</b>	<b>48.4</b>	<b>54.0</b>	<b>41.3</b>	<b>24.4</b>	<b>43.3</b>	<b>44.1</b>

Spending more than earning?



To better understand financial stresses Australian's face, we ask them if they spent more or less than they earned in the last month (either through income or investments or pensions). The results are presented in net balance terms - i.e., a positive number means people who spent more than they earned exceeded the number who spent less, and a negative number means the number who spent less outweighed those who spent more. Overall, the number that spent less than they earned increased to -3% in December compared to -1% in the last quarter.

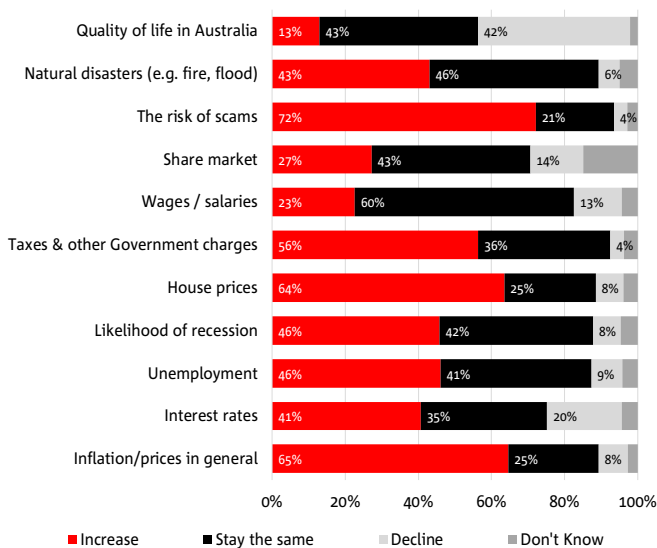
Australians who spent less exceeded those who spent more in all age groups in the December quarter, except the 30-49 group (balanced), and ranged from -7% in the over 65 group to -2% in the 18-29 group. More men (-4%) and women (-2%) also spent less they earned. Trends varied by income. Whereas more people in the \$100,000+ (-14%) and \$50-75,000 (-2%) groups spent less, people earning less than \$35,000 (+16%), \$35-50,000 (+6%) and \$75-100,000 (+1%) spent more.



## How do Australians see the year ahead?

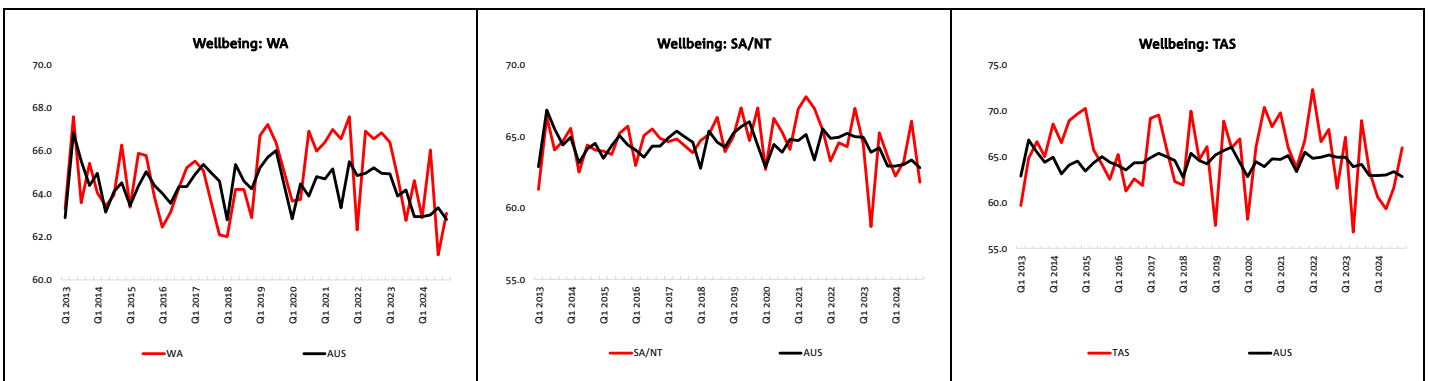
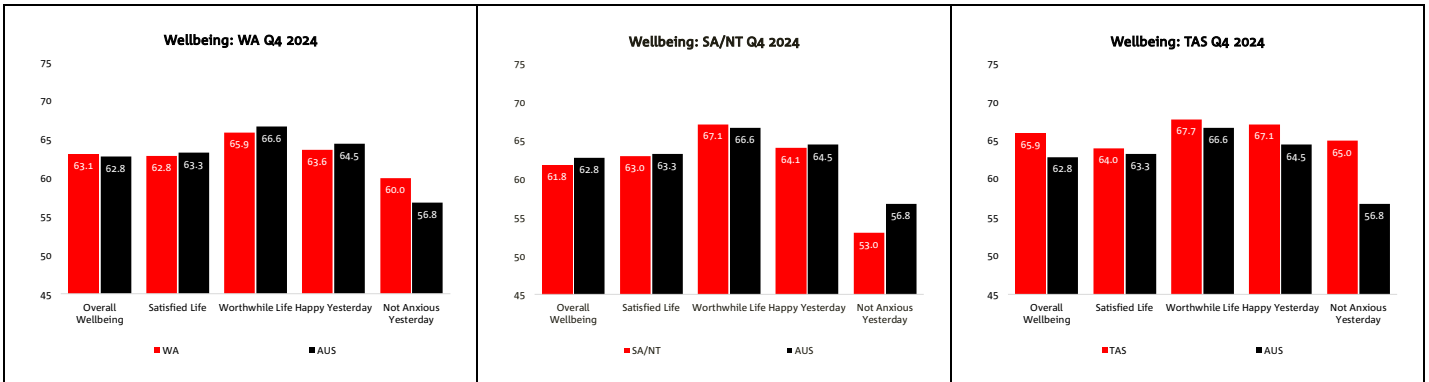
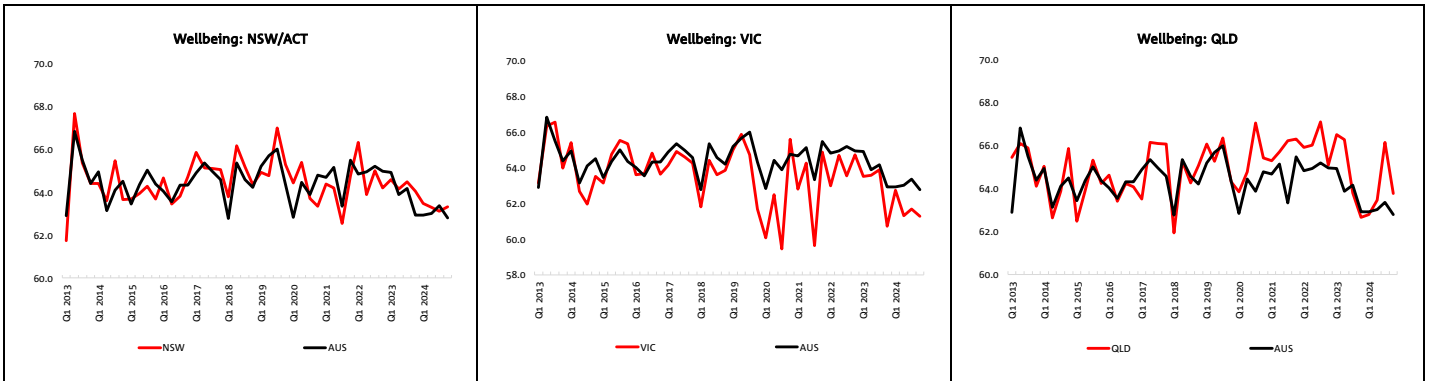
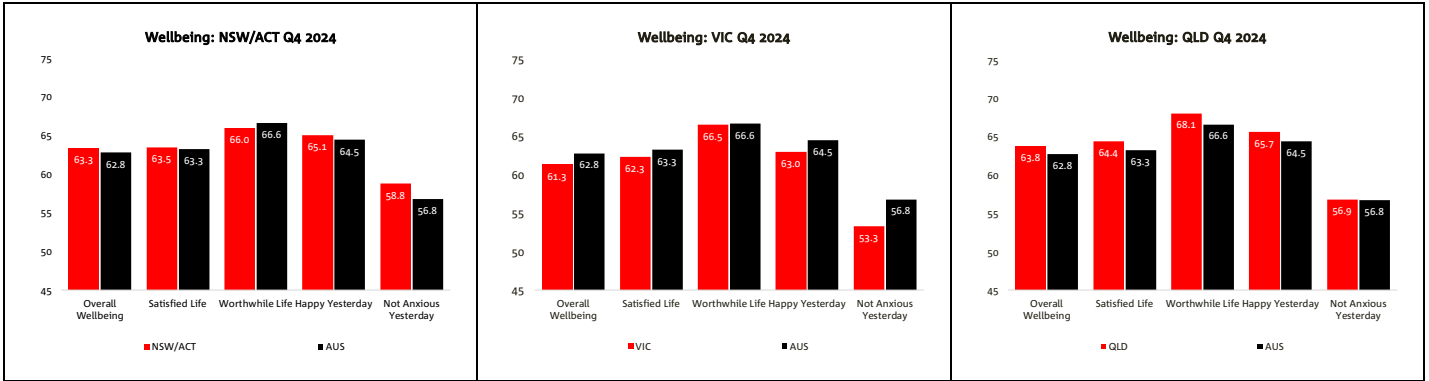
Finally, as we enter a new year, in our **Q4 2024 Consumer Sentiment Survey** we asked Australians to share their **expectations for the year ahead** across a range of key areas including interest rates, unemployment, risk of recession, house prices, wages, risk of scams, taxes, the share market, and inflation. Their responses are repeated below and help frame the mindset of Australians when thinking about 2025. It confirms many are unsure about the year ahead.

### How will the following change in the next 12m?

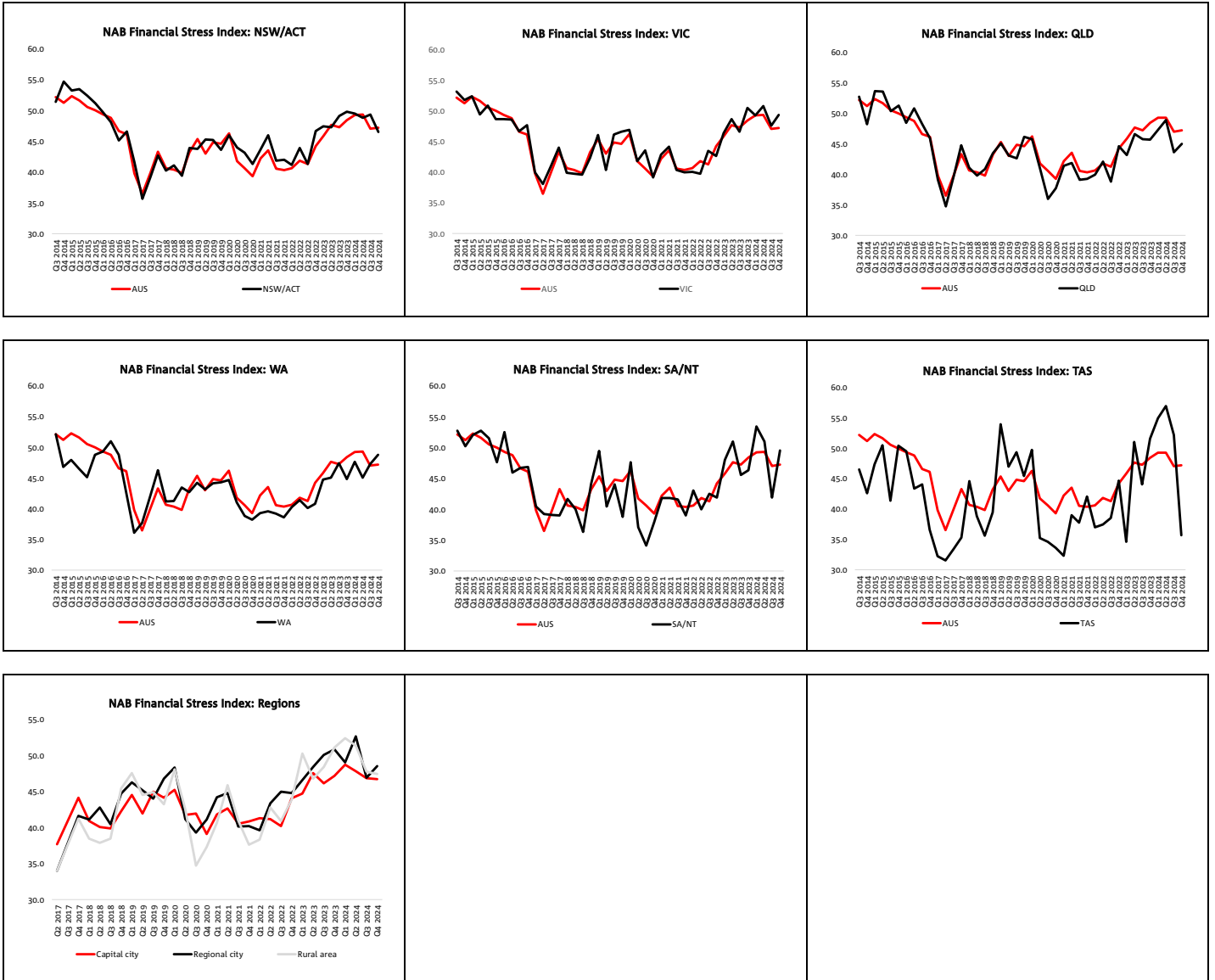


Almost 3 in 4 (72%) Australians expect scam risks to increase further and 2 in 3 for inflation to continue to rise (65%) along with house prices (64%). Almost 6 in 10 believe taxes & other Government charges (e.g. rates, land taxes) will increase further (56%) and **1 in 2 see an increased likelihood of recession** (46% vs. only 8% who say it is less likely) along with higher unemployment (46% vs. 9% lower). 4 in 10 also believe the incidence of natural disasters (43%) will increase, and with growing uncertainty over the future, quality of life to fall (43% vs. just 13% expecting an improvement). A large number (41%) also believe **interest rates will rise further** - with only 1 in 5 (20%), expecting cuts. **This is not the view of NAB Economics.** NAB sees growth picking up in early 2025, inflation gradually easing back towards the mid-point of the RBA's target and interest rate cuts by May. While our outlook is still very much for a soft landing, easing household pressures are expected to see a rebound in consumer spending and GDP growth of around 2¼% over each of the next two years.

# Appendix 1: NAB Wellbeing Index: States



# Appendix 2: Financial Stress Index: States & Regions



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