
CreditSmart/YouGov Research Aug 2022 FOR INFORMATION

BACKGROUND

CreditSmart has been monitoring Australians' attitudes and behaviours in relation to credit since 2018. Our consumer research benchmarks the level of overall credit reporting awareness around comprehensive credit reporting, their credit health attitude, credit behaviour and credit aspirations.

This study was conducted online between the 3rd-7th August 2022. The sample comprised of a nationally representative sample of 1,642 Australians aged 18 years and older. Following the completion of interviewing, the data was weighted by age, gender, and region to reflect the latest ABS population estimates.

KEY FINDINGS:

1. CREDIT REPORTING AWARENESS

- ✓ **Ever checked credit report**
- ✓ **Credit report knowledge**
 - 45% of Australians have never checked their credit report
 - 50% have checked their credit report previously, with 30% having done so in the last 12 months and 20% more than 12 months ago.
 - Apart from the credit score/rating (57%), the most common types of information that Australians think are included in a credit report are:
 - a credit score or credit rating (57%)
 - whether one has defaulted on a loan (46%),
 - whether one has applied for credit (43%),
 - a list of their credit accounts (41%)
 - Awareness around repayment history information overall remains low as only 23% indicated that a credit report includes a 24-month breakdown of account payment history or that it shows if one has made payment on their recent home loan (28%) or credit card (38%) account.
 - Overall, 20% of Australians are unsure what types of information are included in a credit report. However, a 6pp decrease following December (26%) may be an indication that Australians are becoming more aware of what is included in credit reports.

2. CREDIT HEALTH AWARENESS

✓ How do they rate their own credit health?

✓ Who would they seek advice from about their credit health or to improve their credit information?

- Nearly two thirds (65%) of Australians feel their credit health is under control, a similar result to December 2021 (64%), with 16% saying their credit health is under control now, but they are concerned about the future (up from 13% in December 2021).
- One in ten (10%) Australians are worried about their credit health, with 7% saying they feel they are struggling to maintain their credit health and 3% feel like they have lost control of it – while 9% don't know what credit health is.
- Australians are most likely to seek advice from their Bank, credit provider/lender (49%) and financial advisors & financial counsellors (47%) about credit health or improving their credit health information, followed by friends/family (26%).
 - Men are more likely than women to seek advice from their credit provider/lender (17% compared to 12%), online resources, including social media & influencers (16% compared to 13%), a credit repair company (10% compared to 7%), and a community legal service (9% compared to 5%).
 - Gen Z are the most likely generation to seek advice about their credit health or improving their credit information from family and friends (49% compared to Millennials - 36%, Gen X - 20%, Baby Boomers – 10% and Silent - 10%) and their bank (45% compared to Millennials - 36%, Gen X - 32%, Baby Boomers - 27% and Silent - 31%).
 - Millennials are the most likely to seek advice from a mortgage broker (20%) and a debt management or negotiation firm (12%) to improve their credit health (Gen Z - 8% and 6%, Gen X - 10% and 5% and Baby Boomers - 3% and 2% respectively)

3. ATTITUDES TO CREDIT

✓ Types of credit products used

✓ Attitudes in managing their credit commitments

✓ Changes in managing their personal finance

✓ Confidence levels in their ability to access credit in the future

✓ What is their appetite for credit or borrowing in the coming 12 months?

- Eight in ten (80%) Australians have at least one credit product (up from 71% in Dec 2021), with the most common being:
 - Credit card – 53%
 - Home loan – 24%
 - BNPL – 22% up by 5% from Dec 2021
 - Vehicle finance – 11%
 - Personal loan – 10%

- Over nine in ten (91%) Australians have bills and credit commitments, decreasing from December (94%).
 - Close to half (47%) say it is a struggle to meet their bills and credit commitments at the moment, up 6pp since December, with a third (33%) saying it is only a struggle from time to time while 14% say it is a constant struggle.
 - Nearly half (49%) though say they meet their bills and credit commitments without any difficulty
 - Baby Boomers (56%) and the Silent generation (61%) are more likely than their younger counterparts to say they meet their bills and credit commitments without any difficulty (Gen Z – 45%, Millennials - 47% and Gen X – 44%)

- Close to four in five (78%) Australians report a change in their personal finances in the last 12 months.
 - Close to half (47%) say they have reviewed their personal budget or expenses and have cut down their spending on everyday basics, while over a third (36%) say they have not cut down on everyday expenses but have cut down on their discretionary spending like clothes. Moreover, a third (33%) say they are shopping around more/ comparing prices while a quarter (24%) have started talking about money and personal finances with more friends and family.
 - When it comes to everyday expenses, 12% say they have used credit more while a similar proportion (10%) say they have used credit less. Whereas nearly one in five (18%) say they relied on their savings. One in three (32%) Australians are confident about their financial situation in the next 12 months, 44% are somewhat confident, one in six (16%) are not confident and 8% are unsure about their financial situation in the next 12 months

- Over seven in ten (73%) Australians are confident about their financial situation for the next 12 months, down 3pp from December, with three in ten (30%) saying they are very confident.
 - While over one in five (22%) report not being confident about their financial situation going into the next 12 months, increasing 6pp from December.
 - Men are more likely than women to be confident about their financial situation in the next 12 months (79% compared to 67%), and additionally more likely to be very confident (38% compared to 22%).
 - While women are more likely than men to not be confident about their financial situation for the next 12 months (27% compared to 17%) and be unsure on the matter (6% compared to 4%).

- Nearly three in ten (29%) Australians are concerned about their ability to access credit in the future, up 6pp from December, while another one in seven (14%) are unsure. Over half (57%) report no concern for this matter.
 - Despite being more likely to be confident about their financial situation in the next 12 months, men are more likely than women to say they are concerned about their ability to access credit in the future (32% compared to 27%), while women are more likely to say they are unsure (18% compared to 10%).

- Almost one in four (23%) Australians are concerned about their ability to access credit in the future, while another one in six (16%) are unsure. Three in five (61%) are not concerned.
 - Those who have used BNPL are more than three times as likely as those who have not, to be concerned (40% compared to 12%).

4. BNPL

✓ **BNPL use**

✓ **Credit checks when using BNPL**

✓ **Regulation of BNPL**

- Almost half (49%) of Australians have used Buy Now Pay Later services/products
 - Over a third (34%) who have used BNPL say they have been late on their payments
 - Men are more likely than women to have been late on their BNPL payments (42% compared to 26%)

- Millennials remain the predominant users of BNPL schemes amongst all other generations, as they are the most likely to have used BNPL schemes (66% compared to Gen Z -44%, Gen X-55% and Baby Boomer -33%).
 - Gen X (37%) are more likely than Gen Z (23%) and Baby Boomers (27%) to report having 2 accounts with Buy Now Pay Later providers. While Baby Boomers are twice as likely as Millennials to no longer have an account with a Buy Now Pay Later Provider (12% compared to 6%)

- Over four in ten (44%) of Australians who have used BNPL, say their provider does a credit check before letting them use their product/service, however one in five (20%) say their provider does not do a credit check.
 - Men are more likely than women to report that their Buy Now Pay Later provider does a credit check before letting them use their product/ service (53% compared to 35%), while women are more likely to say they do not (24%)

- Over two thirds (68%) of Australians think Buy Now, Pay Later products should be regulated the same as other types of loans or credit products, while 14% do not think they should be and another 18% are unsure on the matter.
 - Men are more likely than women to think Buy Now, Pay Later products should be regulated the same as other types of loans or credit products (73% compared to 64%).
 - Interestingly, Baby Boomers are more likely than their younger counterparts to think that Buy Now, Pay Later products should be regulated the same as other types of credit options (75% compared to Gen Z – 53%, Millennials – 68% and Gen X - 66%). Whereas Gen Z and Millennials are twice as likely as Baby Boomers and the Silent generation to say they do not think it should be (20% and 18% compared to 9% and 5%).
 - Those with a household income between \$100,000 and \$149,000 are more likely than all other income ranges to think Buy Now, Pay Later products

should be regulated the same as other types of credit options (81% compared to less than \$50,000 - 62%, \$50,000 to \$99,000 – 68% and \$150,000 – 71%).

5. LENDER FINANCIAL HARDSHIP ASSISTANCE & CREDIT REPORTING

- ✓ **Received financial hardship assistance (e.g., a payment pause or reduction in loan repayment) in the last 18 months**
- ✓ **Awareness around financial hardship assistance impact on credit report**
 - Over half (57%) of Australians have at least one loan, increasing from December (51%). A quarter (25%) say they have received some form of assistance from their lender in the last 18 months, up 3pp from last year.
 - Over one in six (16%) say they needed assistance but never asked for it, while 4%, approximately 390,000 people, asked for assistance but their request was not approved
 - Men are more likely than women to say they have received some form of assistance from their lender in the last 18 months (31% compared to 18%). Whereas women are more likely to say they needed it but never asked for assistance (19% compared to 14%) as well as not needed assistance at all (60% compared to 51%).
 - Millennials (32%) and Gen X (30%) are more likely than Gen Z (16%) and Baby Boomers (12%) to say they have received some form of assistance from their lender in the last 18 months.
 - Those with children under 18 at home are more than twice as likely as those without to say they have received assistance from their lender in the last 18 months (38% compared to 14%).
 - Over two in five (45%) are unsure whether financial hardship assistance is reflected on their credit report, down 6pp from December.
 - Men are more likely than women to think financial hardship assistance is reflected on their credit report (40% compared to 31%) while women are more likely to be unsure on the matter (49% compared to 42%).
 - Millennials (43%) and Gen X (41%) are more likely to think financial hardship assistance is reflected on their credit report compared to Gen Z (27%), Baby Boomers (28%) and the Silent generation (15%).
 - Those with household earnings of between \$100,000 and \$149,000 (48%) are more likely than those in lower thresholds to think financial hardship assistance is reflected on their credit report (\$50,000 - \$99,000 - 39% and less than \$50,000 – 29%).
 - Unsurprisingly, those who currently have credit are more likely than those who do not to think their credit report reflects financial hardship assistance (39% compared to 21%).

THE WAY FORWARD

The refreshed research data, supported by statistics across demographic breakdowns has since the inception of the campaign, provided the proof points for media releases/opinion pieces and editorial contributions across media and member channels to be rolled out from end September 2022.