

J.D. POWER

Banking Industry Insight

July 28, 2020

COVID-19 Effect: Australians Believe Personal Finances to Worsen, Delaying Major Purchases or Retirement

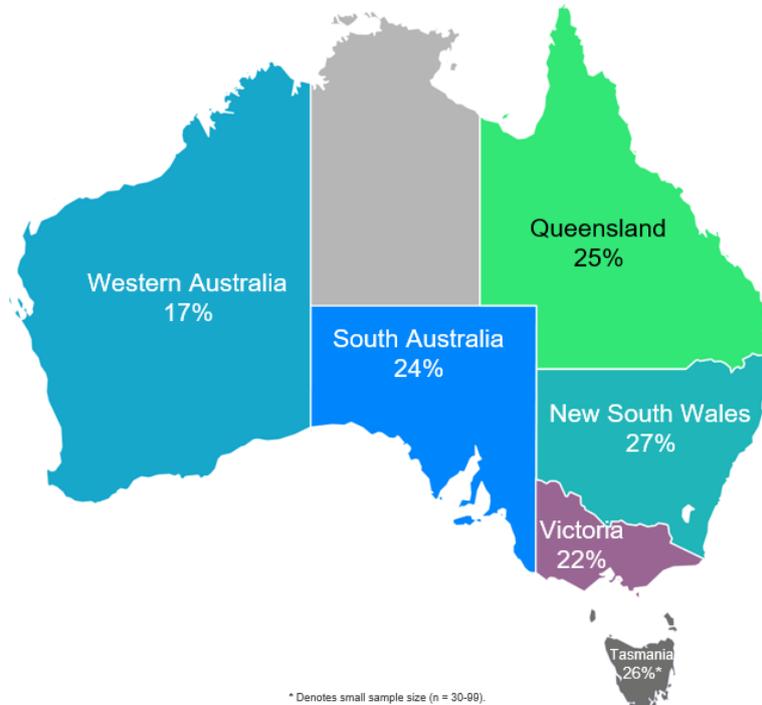
- *The outlook of Australians on the effect of COVID-19 on their personal finances has worsened; 39% say the worst is yet to come compared with 35% two months ago.*
- *One-quarter (25%) of Australians say their personal financial situation has been either devastated or severely hurt as a result of social restrictions, affecting people across all income bands.*
- *8% of Australians say they will delay retirement, 12% for those aged 60 and older.*
- *Major purchases are being delayed. More than one in five (22%) Australians say they are delaying the purchase of a car; 19% are delaying a home renovation; and 17% are delaying the purchase of a home.*
- *67% of Australians support extending JobKeeper and JobSeeker Government support.*

As COVID-19 cases surge in Victoria with lockdown reinstated and cases in N.S.W. on the rise, the pandemic is continuing to drain personal finances and cause anxiety. Recent announcements by the Australian Federal Government of a second stage to JobKeeper and JobSeeker support are welcomed by many Australians for whom the effects of the pandemic on individual finances remains a significant concern.

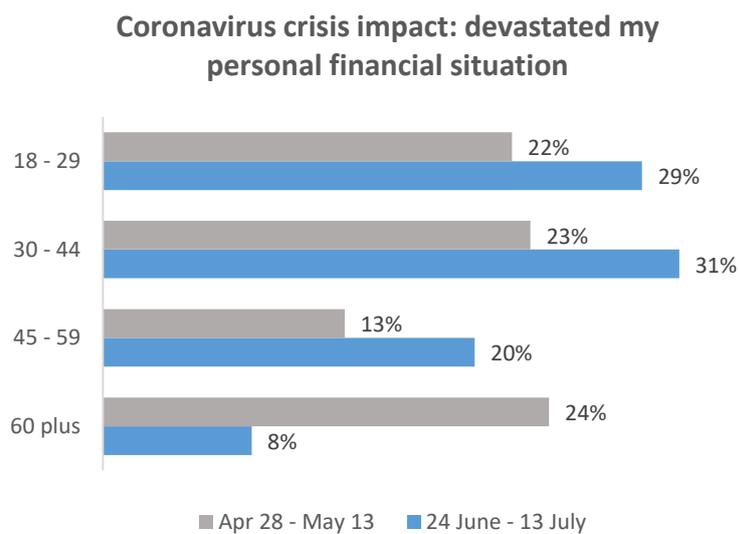
To gain a deeper understanding of Australians' biggest financial concerns and how these have developed as the pandemic progresses, J.D. Power has conducted a pulse survey of 1,957 Australian adults. Following are the key findings.

The financial situation of Australians

Many Australians are facing increased financial hardship with 67% saying that COVID-19 has negatively affected their personal financial situation, and 25% saying the effect has been devastating or severely hurtful. Those in the state of N.S.W. have felt the greatest effect, with 27% of adults saying the effect has been devastating or severe, with Western Australians the least affected (17%).



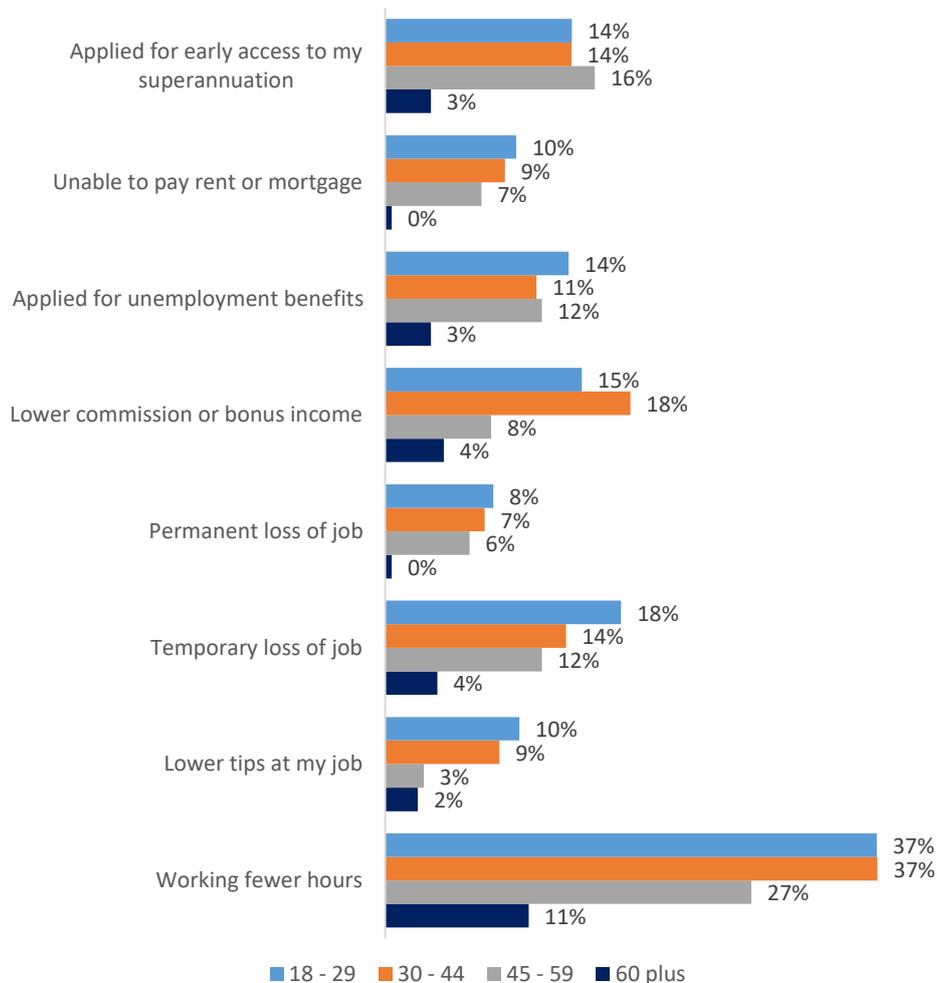
The personal finances of younger Australians have been most affected. Nearly one-third (31%) Australians between the ages of 30-44 have had their financial situation devastated or severely hurt, an increase on two months ago when the pandemic was in an early stage (23%¹).



¹ J.D. Power Australia Financial Services COVID-19 Pulse Survey April 28-May 13, 2020

The proportion of younger Australians citing job loss is greater than among older age groups. Nearly one in five (18%) of those aged 18-29 say they temporarily lost their job and 8% said they experienced a permanent job loss. More than one-third (37%) of this young age group are working fewer hours as a result of the pandemic.

Which of the following impacts from the coronavirus crisis have you already experienced?



“While the effect has been greater for younger people, particularly in the initial months of the pandemic, many people across all salary levels indicate the pandemic has devastated or severely hurt their financial situation,” said Bronwyn Gill, head of banking and payments intelligence at J.D. Power Australia. “With an increasingly number of redundancies of salaried employees, one in four with income more than \$100,000 are also saying they have had their finances devastated or severely hurt. The effect is very widespread.”

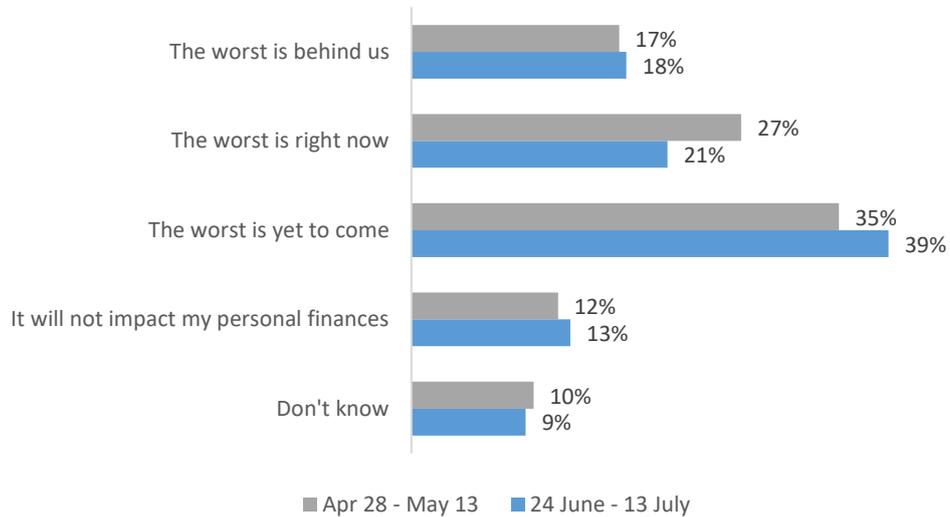
Outlook on personal finances

The effect of COVID-19 on personal finances does not appear to have peaked, with 39% saying that the worst is yet to come, an outlook that has worsened compared with two months ago (35%²). The

² J.D. Power Australia Financial Services COVID-19 Pulse Survey April 28-May 13, 2020

sentiment of Australians, however, is more positive than for U.S. adults where the rate is as high as 45%³.

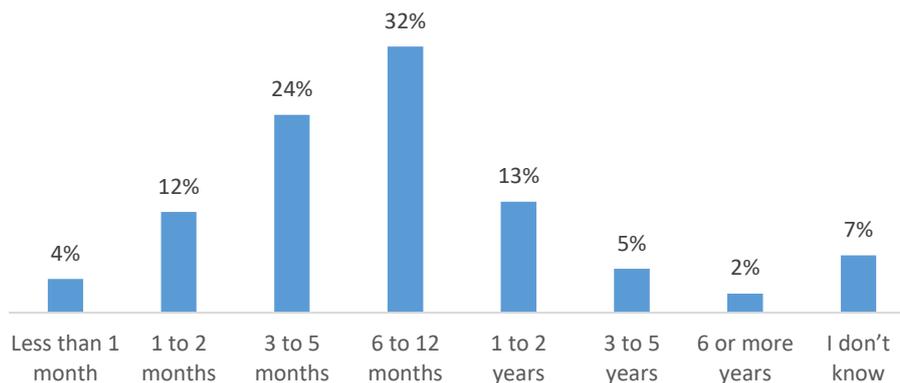
Which statement comes closest to your view about the impact of the coronavirus crisis on your personal finances?



Nearly one-third (32%) expect that their financial situation will be worse for 6 to 12 months, and 20% expect it to be worse for more than 12 months.

“Understandably, as financial hardship deepens and the crisis prolongs, we see an increase compared with two months ago among those feeling worried or anxious,” Gill added. “More than one in three now say they feel angry and frustrated more than usual.”

How long do you expect that your financial situation will be worse due to the coronavirus?



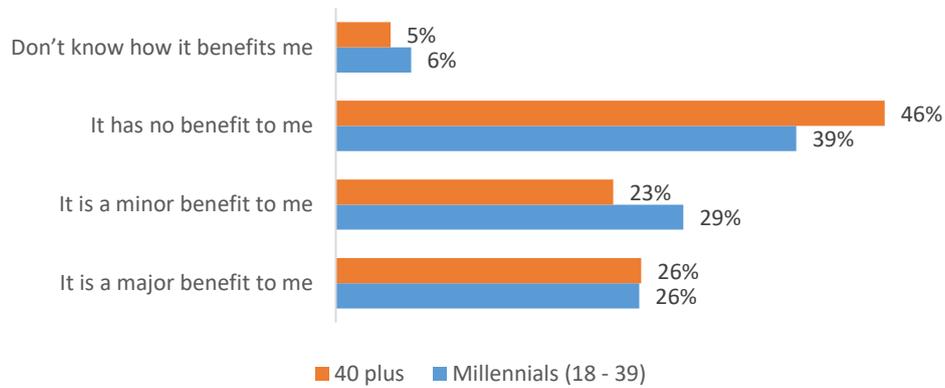
Over half of Australians are benefiting from Government COVID-19 financial relief

Government financial support is playing an important role for more than half of Australians surveyed, with 52% saying they are benefiting from COVID-19 relief packages such as JobKeeper and

³ J.D. Power U.S. Financial Services COVID-19 Pulse Survey July 10-12, 2020

JobSeeker allowances. Millennials⁴ are receiving greater benefits than older Australians, with 55% indicating some level of benefit compared with 49% for those aged 40 and older.

How are you benefiting from Australia's coronavirus (COVID-19) relief packages (JobKeeper payments, JobSeeker payments, income support, etc.)?



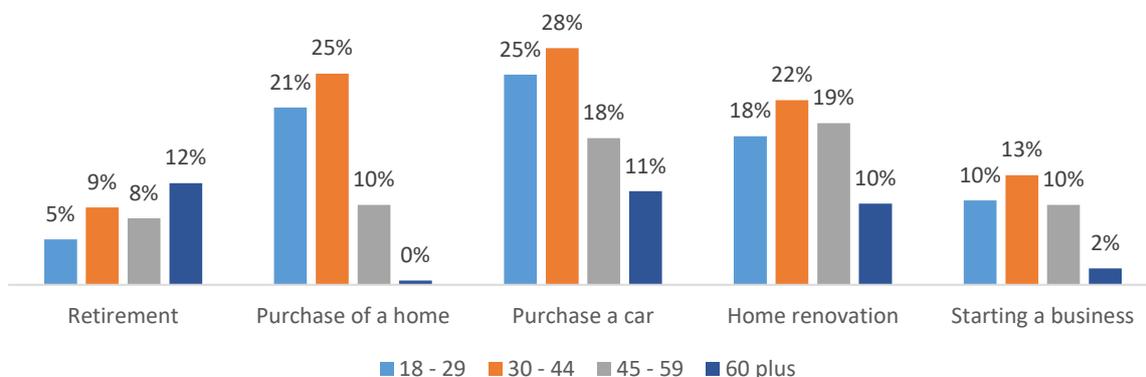
Two-thirds (67%) of Australians support extending JobKeeper and JobSeeker payments, with 20% not in favour and 13% undecided.

More than one in ten (13%) Australian adults applied for early access to their superannuation, with 16% of those aged 45-59 applying.

Significant purchases and retirement are being delayed

The effect of the pandemic on personal finances is delaying significant purchases. 22% of Australians have delayed the purchase of a car, particularly evident among younger adults. Despite the government's HomeBuilder grant, 19% of adults are delaying a home renovation and 17% are delaying the purchase of a home.

Due to the impact on your personal finances from the coronavirus crisis, have you had to delay any of the following? (select all that apply)



⁴ Millennials are defined as aged 18 to 39

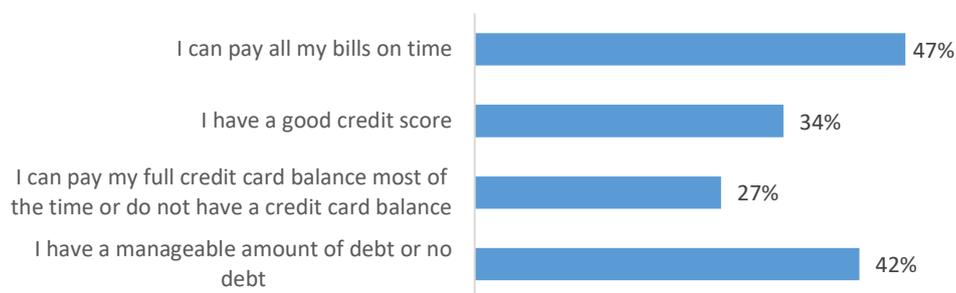
Retirement plans have been pushed back given the pandemic’s effect on personal finances, with 8% of Australians saying they will delay retirement. Those closer to retirement have more strongly indicated a delay in retirement (12% of adults aged sixty and above).

Bank customers continue to need support

Minimum monthly payments not manageable

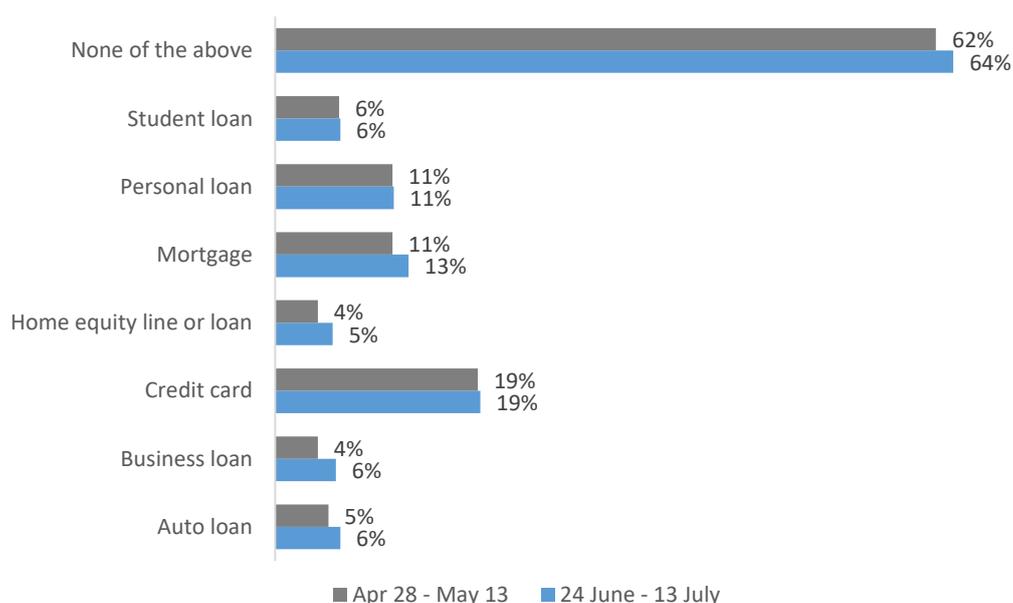
More than one in three (42%) of Australians have a manageable amount of debt or no debt, up from 38% two months ago. Less than half (47%) of Australians say they can pay their bills on time, while only 27% say they can pay their full credit card balance most of the time or do not have a credit card.

Which of the following describe your borrowing situation?



Only 11% of Australian adults cannot make minimum payment on personal loans and 13% on mortgages.

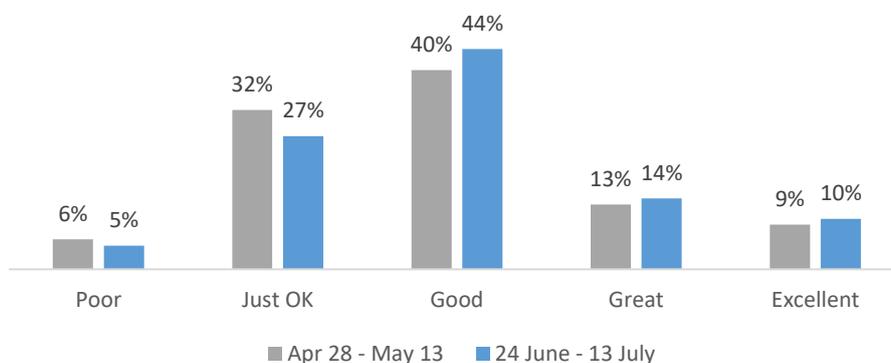
Since the coronavirus crisis began, have you been unable to make the minimum monthly payment for any of these?



Bank support remains crucial

Given the difficulty of many Australians to meet borrowing obligations, the support of banks is crucial. Bank customers are saying their bank's support is higher than it was two months ago, but there are 5% of Australian consumers who rate their bank's support as "poor" and 27% as "just OK."

Please rate your primary bank on how well it is supporting its customers during the coronavirus crisis.



In their hour of need, 36% of customers say their bank has shown concern for their personal financial situation during the pandemic, up from only 29% two months ago⁵. Among the Big 4 banks, customers of ANZ and Commonwealth say their bank's concern has increased, while customers of Westpac and NAB say their bank is showing less concern. ANZ is the only bank of the Big 4 showing concern above the industry average (40% vs. 36%).

"Given the long-term financial implications, banks must be very conscious of supporting their customers," Gill said. "This will be an important test for banks to go beyond initial support and continue a supportive relationship with their customers as they weather the storm."

Methodology

This J.D. Power Banking Industry Insight is based on a survey of 1,957 Australian adults from June 24 through July 13, 2020.

Find out more

This J.D. Power Banking Industry Insight was authored by [Bronwyn Gill](#), head of Australia Banking and Credit Card Intelligence at J.D. Power. Please contact us at the numbers below to connect with Ms. Gill, or to learn more about the underlying research.

Media Contacts

Bronwyn Gill, J.D. Power; Sydney, Australia; 0452-605-946; bronwyn.gill@jdpa.com
Geno Effler; Costa Mesa, Calif.; 714-621-6224; media.relations@jdpa.com

⁵ J.D. Power Australia Financial Services COVID-19 Pulse Survey April 28-May 13, 2020