

Media Release

**Two out of three households struggle between pay days**

***Wednesday, 23 April 2014:*** Almost two thirds of Australian households (63%) say they have been strapped for cash between pay days at some stage and one in three have used a credit card to tide them over. Almost half (46%) say it would take at least an extra $300 per week to be comfortable with take-home pay.

These are the latest findings of the ING DIRECT Household Financial Wellbeing Index, which confirms many Australians are struggling to make ends meet and build personal savings.

**Key findings for Q1 2014 (surveyed in April 2014):**

* Only 9% of Australians are entirely comfortable with their take-home salary. 46% say they would need at least an extra $300 per week to feel comfortable with their take-home pay.
* 63% of households have been stretched between pay days at some stage. 15% say they are ‘always’ stretched between pay cheques.
* Households that have been stretched between pay cheques make ends meet by:
  + 57% - staying at home instead of going out
  + 49% - cooking cheaper meals
  + 35% - dipping into savings
  + 33% - rely on credit cards to carry over until payday.
* Given the prospect of a 5% pay rise, 82% of Australians would use the money to grow savings/pay down debt; only 11% would spend the cash.

**Financial wellbeing declines slightly**

*The quarterly Financial Wellbeing Index rates household comfort levels across six key aspects of personal financial wellbeing including credit card and mortgage debt, savings, investments, household income and ability to pay bills.*

**The ING DIRECT Financial Wellbeing Index for Q1 2014 is 109.2, down slightly from 110.8 in Q4 2013.**

**Making ends meet – almost 60% don’t go out**

Of those households that have struggled between pay cheques, 57% make ends meet by staying at home rather than going out; half (49%) cook cheaper meals. One in three (35%) dip into savings and 33% rely on their credit card to carry over until payday – 25% of these people say they are already ‘very uncomfortable’ with their card debt.

Only 10% of households that have experienced a cash shortage between pay cheques have borrowed money from family members to get by.

**82% would save a 5% pay rise**

Offered the prospect of a more achievable 5% pay rise, only 11% of households would spend the extra cash. Over eight out of ten (82%) would save the money in some way by:

* 36% building a buffer of savings
* 24% paying down credit card debts or other bills
* 18% putting the money towards mortgage repayments
* 5% make an extra superannuation payment.

Mr John Arnott, Executive Director of Customer, ING DIRECT says, “Although many Australians are experiencing a shortfall of cash between pay cheques, these households are likely to be including savings and debt repayments into their monthly commitments.

“With this in mind, Australians continue to take a sensible approach to household financial management.

“Further supporting this is the fact that 82% of households would put a 5% pay rise towards growing savings or paying down debt,” adds Mr Arnott.

**AROUND THE NATION**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Proportion of households who:** | **Nat** | **NSW** | **Vic/Tas** | **Qld** | **SA** | **WA** |
| Have experienced a cash shortfall between pay days at some stage. | 63% | 65% | 64% | 65% | 60% | 60% |
| Need at least $30 extra per week to be comfortable about income. | 46% | 51% | 42% | 48% | 37% | 39% |
| Would save rather than spend a 5% pay rise. | 82% | 79% | 81% | 85% | 87% | 86% |

**-ENDS-**

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**Research methodology**

The ING DIRECT Financial Wellbeing Index was compiled by Galaxy Research from the online responses of 1,050 households between 7 April and 11 April 2014. The data was weighted by region and household size to reflect the Australian household population based on the 2006 census. The level of savings reported in the study is also calibrated to APRA national bank total deposits (households) to ensure accuracy of household savings levels.

**About ING DIRECT**

ING DIRECT changed the way Australians bank 15 years ago by launching the country's first high interest, fee free online savings account.  Since then, we’ve brought this low fee value to home loans, transactional banking and superannuation. With over 1.5 million customers – and $30 billion in savings and $38 billion in mortgages – ING DIRECT has the highest reputation of any other bank in Australia (RepTrak, Oct 2013), as well as the highest Net Promoter Score (NFSM, December 2013).