**Thursday, 1 August 2013**

Media Release

**Households forced to find an extra $43 each week**

*Eight out of ten Australians say living costs have risen in the last 12 months, with half of those describing the rise as “significant”*

**The ING DIRECT Financial Wellbeing Index confirms Australian households are struggling to maintain their financial wellbeing with 83% saying living costs have risen over the past year.**

Nine out of ten (91%) blame the burden on utility bills, followed by groceries (77%) and fuel (74%).

These are the findings of the latest ING DIRECT Household Financial Wellbeing Index, which reveals the variety of measures households experiencing higher bills are taking to make ends meet. Six out of ten (60%) are shopping around for bargains, 53% are spending less and making do with what they have, and 49% are shopping more carefully at the supermarket.

However men are being less proactive, with one in five (20%) saying they will just accept the higher cost of living compared to 9% of women.

**Key findings for Q2 2013 (surveyed in July 2013):**

* Household financial wellbeing declined slightly in Q2 with the Index score falling to 107.8 in Q2, down from 108.2 in Q2.
* 83% of households nationally say living costs have increased in the past 12 months – rising to 86% of Gen X households (aged 35-49), those most likely to have families.
* Higher living costs are consuming, on average, an extra $43 from weekly budgets.
* Household necessities seen as being ‘unreasonably expensive’ include:
	+ Utilities (91%)
	+ Groceries (77%)
	+ Petrol (74%)
	+ Public transport (24%)
	+ Clothing (21%)
	+ School/day care costs (13% - 44% among households with children under 18)
* Among the 3% of households that say living costs have fallen, 67% say they are actively shopping/spending less.

**Bargain hunting, smart shopping - how we’re coping with higher living costs**

Among the 83% of households who say living costs have risen in the past year, shopping around for bargains (60%) is the main strategy being used to make ends meet. Over one in two (53%) households plan to shop/spend less; 49% will change their grocery habits, and 43% are economising on meals and bought lunches.

Men are less likely than women to adjust to rising bills with 20% saying they will just accept higher costs compared to 9% of women.

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| **How we’re handling higher living costs\*** |
| Shop around for bargains 60%Spend less/make do with what we have 53%Shop more carefully for groceries 49%Economise on meals and bought lunches 43%Save on other areas of the household budget 38%Considering switching utility providers 18%Change transport habits 17%Change job or increase work hours 15%Just accept higher costs 14%***Source: ING DIRECT Household Financial Wellbeing Index Q2 2013.****\*Among the 83% of households who say living costs have risen in the past 12 months****.*** |

**Household confidence declines**

*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 fell to 107.8 in Q2 2013 down from 108.2 in Q1 2013.**

Household comfort levels with long term debt (mortgages) have risen from a score of 5.67 (out of a possible 7) in Q1 to 5.73 in Q2. Comfort with short term debt (credit cards) also improved, up from 5.2 in Q1 to 5.21 in Q2. Households are more comfortable about debt than any other aspect of financial wellbeing. Confidence with ability to pay regular bills fell from 4.0 in Q1 to 3.93 in Q2.

Mr Vaughn Richtor, CEO of ING DIRECT, says, “Many Australian families are feeling the pinch of rising costs especially among essential items like fuel and utilities. Finding an extra $43 each week is not easy for many families, and it’s good to see proactive steps are being taken to manage the squeeze on budgets.”

“Shopping around to compare between providers of major services like utilities can also deliver worthwhile savings to households” said Mr Richtor.

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For a copy of the full Report, go to the ING DIRECT [Online Newsroom.](http://ingdirect.wieck.com/channels/Finacial-Wellbeing-Index/releases)

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**Research methodology**

The ING DIRECT Financial Wellbeing Index was compiled by Galaxy Research from the online responses of 1,030 households between 4 July and 9 July 2013. 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 pioneered branchless banking in Australia by offering the first online, high interest, fee free savings account. Our low cost operating model allows us to pass these savings on to the customer in the form of great value products and services. Today, ING DIRECT has more than 1.4 million customers with $29 billion in deposits and $38 billion in mortgages and a range of products including transaction accounts and superannuation. **Please note ING DIRECT is never abbreviated to ING.**