

# Media release

## 1 in 2 Households Financially Vulnerable

**Tuesday 23 June 2015**

Despite historically low [interest rates](#), many Australian households are dangerously exposed to financial shocks.

These are the findings of the ING DIRECT Household Financial Fitness Test, which measures financial fitness based on how well households would cope if the main income earner experienced unemployment and how quickly the household could pay off an unexpected bill of \$10,000.

Half Australia's households would face difficulties covering their living costs if the main income earner lost their job. Almost two out of five (37%) could survive for one month or less if the main income earner lost their job.

### Key findings:

- One in two (49%) of households have less than three months of income at their disposal if the main income earner lost their job for any reason.
- 37% of households only have the equivalent of one month of income, rising to 58% of renters
- Just under half (45%) Australia's households would struggle to pay off an unexpected expense of \$10,000 within three months.
- 38% of households would take six months or more to pay off a \$10,000 expense – rising to 55% of renters.

John Arnott, Executive Director, Customers, ING DIRECT, said: "These findings highlight the importance of building a pool of [savings](#) that can provide a buffer in financial emergencies. It's not always easy, but aiming to set aside small amounts regularly can be the starting point to growing emergency funds and improving financial fitness."

### Financial wellbeing at highest level since 2010

The findings come as low interest rates push the ING DIRECT Financial Wellbeing Index to the highest level since tracking began in the first quarter (Q1) of 2010.

- The vast majority of households (95%) say they are comfortable with their [mortgage](#)
- 87% are comfortable with their ability to pay regular household bills
- 84% are comfortable with household income.

Mr Arnott added: "While low mortgage rates are good for households, homebuyers need to be mindful that rates can rise. Make sure you don't overcommit with your borrowings, so when rates eventually start to rise again you'll be in a strong position to be able to manage your finances and maintain your lifestyle."

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### **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 \$32 billion in savings and \$38 billion in mortgages – ING DIRECT has the highest Net Promoter Score of any bank. Australia's most recommended bank according to Nielsen Consumer Media View, Sep '14 –Feb '15 (n=10,220).

### **Research methodology**

The ING Direct Household Financial Fitness Test is included on the ING Direct Household Financial Wellbeing Tracker which was conducted online by Galaxy Research from the online responses of 1,011 households between 14 April and 20 April 2015. 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.

The information provided in this article does not constitute financial advice. Specific advice should be obtained from a suitably qualified professional before adopting any investment strategy.