

## Media release

14 November 2016

### **Christmas credit card catastrophe avoidable this year Australians could pay up to \$191 million in interest by using their credit card in the lead up to Christmas**

The purse strings will be stretched this festive season as Australian shoppers reveal they are intending to spend a staggering \$4.6 billion on Christmas purchases<sup>1</sup> using a credit card this year, accumulating a whopping \$191 million<sup>2</sup> in needless credit card interest, according to research commissioned by marketplace lender SocietyOne.

The survey of 1,030 Australians released today found almost a third (32%) of Christmas shoppers admit they rely heavily on credit during the Christmas period, with more than half (52%) of all Christmas expenditure expected to end up on a credit or store card.

SocietyOne Co-Founder and Chief Operating Officer, Greg Symons said this high figure was concerning and encouraged Australians to consider the consequences of putting too much on plastic, especially as there are alternative, lower-interest payment options available to help ensure your hard earned cash goes further.

“By putting Christmas on credit cards, we’re set to give away a mammoth amount of card interest to the banks when we don’t have to. This is deeply concerning, so it’s important all Australians remember the potential costs of paying for Christmas on credit and consider ways they can shave a significant amount off their Christmas shopping bill,” Mr Symons said.

According to the research, Australians could ultimately spend less if they explored alternative ways of funding Christmas, such as a personal loan. If a person switched from their current credit card, with an average interest rate of over 17% p.a. interest, to a SocietyOne personal unsecured fixed rate loan at 9.58% p.a., for example, the interest rate would be reduced by over 40% - translating into real savings on credit card interest bills.

“If every Australian funded their Christmas spending through this kind of personal loan, rather than on cards, the overall saving would be many millions of dollars in interest. This is a staggering amount of money that could be in Australian’s pockets, just by planning ahead,” Mr Symons said.

The survey also showed that in an effort to beat some of these costs Australians are increasingly going online with 80% of Australians believing it is cheaper to buy Christmas presents in advance online compared with buying last minute from bricks and mortar stores.

Mr Symons said, “While it is great that Australians are getting online to look for bargains – it doesn’t need to stop at Christmas shopping. Given the huge amount of money we spend each year on needless credit card interest, Australians would be well advised to use some of that online shopping time to shop around for credit too. A quick search of alternatives to credit cards could work wonders for your New Year finances.”

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<sup>1</sup> Australians will spend \$8.8 billion this Christmas and intend to use a credit or store card to pay for 52% of their Christmas shopping, this is \$4.6 billion paid by credit or store card

<sup>2</sup> Based on an average credit card fee of 17.22%

## Manage your money this Christmas:

1. **Learn from last year:** Before you start Christmas shopping consider how you approached it last year and what you might do differently. Did you spend more than you thought you would? Did you feel pressured to create a Christmas beyond your financial means? Take control this year by looking into what other financing options might be available. Perhaps even start a new Christmas tradition by organising a Secret Santa between extended families, or put a cap on the amount you are able to spend.
2. **Shop around online:** Christmas shoppers expect to save, on average, 23 per cent by buying in advance online instead of from bricks and mortar stores. Millennials are especially searching for cost savings online and are expecting to hang on to an extra \$171 on average if they plan ahead and scan online stores. Black Friday (25 November) and Cyber Monday (28 November) offer some of the largest online savings around. Start planning now and reap the benefits.
3. **Consider alternative financing opportunities:** From January 2017, those who used a credit card over the Christmas period are expected to take, on average, 2.9 months to pay it down to a \$0 balance. Gen X will take longer at 3.5 months, followed by Millennials expecting to take 3 months and Baby Boomers at 2.2 months. A [SocietyOne personal loan](#)<sup>3</sup> can help you to maintain your current lifestyle and reduce the New Year financial stress.
4. **Consolidate your debts:** Avoid paying excess credit card fees by transferring all your debts into a personal loan. With only a single amount to worry about you can avoid being hit by multiple credit card and bank fees, making paying down your debt easier to manage.

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### Notes to editors:

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#### About SocietyOne

SocietyOne was founded in 2012 and is Australia's leading online marketplace lender, connecting borrowers and investors to loans based on risk-based pricing through its world-leading ClearMatch technology platform. SocietyOne was named in April 2016 as the 20th leading company in the top 50 innovative "game-changers" in Australia and New Zealand by H2 Ventures and Investec Bank Australia. The company also won the Best Digital Offering of the Year category in the 2016 AB+F Australian Retail Banking Awards and the 2016 Fintech Innovation in Lending award in the inaugural Australian Fintech Awards. For more information, go to [www.societyone.com.au](http://www.societyone.com.au)

#### SocietyOne 2016 Christmas Savings Research

The research was commissioned by SocietyOne and conducted by Lonergan Research in accordance with the ISO 20252 standard. Lonergan Research surveyed 1,030 Australians who are over 18 years of age. Surveys were distributed throughout Australia including both capital city and non-capital city areas. The survey was conducted online amongst members of a permission based panel, between 16 and 20 September 2016. After interviewing, data was weighted to the latest population estimates sourced from the Australian Bureau of Statistics.

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<sup>3</sup> SocietyOne personal loan: Borrow up to \$35,000 with flexible loan terms of 2, 3 or 5 years. Repayments can be made fortnightly or monthly.