

Media release

30 January 2017

Kids' education costs more with wrong payment choices

- *The average credit card limit for Australian families is over \$15,000*
- *Over 750,000 families are predicted to have put school fees on credit before*
- *55% of parents would have preferred to pay off debt than school fees*
- *As much as \$1,700 wasted in hefty interest charges on a \$10k credit card limit*

One in five parents¹ (20%) regret putting their kid's school fees on a credit card when they really shouldn't have with the result that they get hit with hefty interest charges

According to new research compiled by SocietyOne, Australia's leading marketplace lender, as many as 750,000 families are putting their school fees on credit.

Of the parents who confessed to putting education on plastic, over half (55%) would have preferred to have paid off their debts – indicating placing childhood education on credit is putting additional strain on the already stretched family budget.

Families in New South Wales and Queensland are the most likely to put school fees on a credit card (21% respectively), while only 16% of Western Australian parents have put education on plastic. Women are also more likely to feel guilty about putting school fees on credit (26%), compared to only 14% of men.

SocietyOne Co-Founder and Chief Operating Officer, Greg Symons said putting your kid's school fees on credit is hazardous behaviour and it actually preventing you from living your life.

"It can be a risky move choosing to put your kids' education on a credit card. Cards are beneficial when paid off monthly. With a major cost such as school fees, the interest and excess fees can impact you in the long term," Mr Symons said.

"We know the start of the school year can be extremely expensive, not only in terms of these fees but all the little extras that pop up – from the books and stationery, to school shoes and a new uniform – the costs can add up quickly. Budgeting and keeping track of your spending with a handy check list can help stay on top of the costs and see how the bills add up. It's important to also remember that there are alternative options, such as negotiating a payment plan with the school or sourcing a low rate personal loan, to help you to manage the school costs."

SocietyOne research also found the average combined credit card limit for parents who have charged their children's education to a credit card is \$15,457. Over 52% of those parents also have a combined credit card total of \$10,000 or more across two cards. For parents regularly maxing out their credit cards, the additional interest paid yearly on a \$10,000 credit card limit would be \$1,700².

¹ Parents of school aged kids

² Based on a credit card limit of \$10,000 with an average interest rate of 17% p.a. interest

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.

“Your child still gets that fantastic education you’re paying for – it just means you’re just paying less,” Mr Symons said. “Swiping your credit card can sometimes seem to be the easier option; but in the end you will get stung by their high interest rates.

“With the credit card just taking a hit from Christmas, consider how a personal loan could offer you an alternative, low interest payment option that can help remove the financial pressure of the first day of school.”

A free checklist and budget tacker is available for parents at: [\[insert link\]](#)

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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

SocietyOne Education 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.