

Media release

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Millennials most likely to mismanage their credit card
Almost 50 per cent of millennials avoid paying balance

- Millennials are the mostly likely demographic to have mismanaged their credit card (65%)
- 48% don't pay off their credit card balance every month
- Most likely to regret that they have put wedding expenses on their credit card (11%).

Nearly two in three (65%) millennial credit card holders in Australia have mismanaged their credit card according to new research conducted by SocietyOne, Australia's leading marketplace lender, with almost half of millennials not paying off their credit card balance every month (48%).

SocietyOne Co-Founder and Chief Operating Officer, Greg Symons, says the research indicates that millennials are the most at risk of falling into a negative credit cycle, particularly when it comes to organising a wedding.

“Eleven per cent of millennials regret that they have put wedding expenses on their credit card. Weddings are a significant life event and it should be a perfect day, but it is important to remember that weddings come at a significant cost and couples can spend years paying off interest of the credit card balance rather than the balance.”

“Often the interest on this type of debt can be significant but it's important to research your options if you're planning to borrow.”

How much does a wedding really cost?	
ASICs MoneySmart website references the average wedding costs \$36,200.	
Credit Card (17.22% p.a)	Personal Loan (9.90% comparison rate based on a \$10,000 loan over three years)
With a higher repayment of \$1,000 per month the couple would pay \$50,371 for the loan over four years and three months.	With a repayment of \$1,000 per month the couple would pay \$43,177 for the loan over three years and eight months.
Interest: \$14,171	Interest: \$6,977

Mr Symons says it is important that millennials do their research and understand the consequences of relying on their credit cards to make payments.

“A credit card might seem like the quick and easy option when it comes to paying for a wedding venue, or to get you through to the next rent cycle, but millennials need to be careful – it's a steep and vicious cycle. They should be minimising credit use wherever possible and assessing their budget to make sure they are living within their means.”

The most common item Australians regret placing on a card is a major household purchase (26%), followed by renovations (8%); however, one of the most surprising items was rent or mortgage payments (6%).

Mr Symons says that no matter what life stage you are at, Australians need to consider all of their options before putting a major purchase on a credit card.

“It’s no doubt that most Australians sometimes experience financial difficulty, and it’s indicative of our research where people are placing rent or mortgage repayments on their credit card. However, before Australians rush into financing options that aren’t in their best interest, we urge people to do their research and speak with their financial provider to work out the next best steps and restructure debt in to a more affordable option, such as a lower interest personal loan.”

“Personal loans are a good alternative to using your credit card. Australians can shop around for a low rate personal loan that can save them money in the long run.”

Things to consider before making a purchase on a credit card

- ✓ **Necessity:** If this item is something that you need right now, or if it is something that can wait until you’ve saved the money to purchase later on.
- ✓ **Budget:** Budget in the interest repayments on your credit card with the cost of your purchase when working out your budget.
- ✓ **Fees:** If you won’t be able to pay the full balance of your credit card at the end of the month, you should consider the late payment fees that you will need to make.
- ✓ **Alternative payment options:** You should consider what other payment options are available to you with the lowest interest and lowest fees.

- Ends -

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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 Financial Regrets 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.