

Media Release

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It happens: Unexpected expenses cost Australians \$52 billion

New research from SocietyOne, Australia's pioneering and leading marketplace lender, has found two thirds (65%) of Australians have faced large unexpected expenses, which across the nation have cost them more than \$52.44 billion¹.

The SocietyOne *When 'It' Happens Report*, designed to understand how Australians deal with unexpected or unplanned financial costs not covered by savings or insurance, found the most common large unexpected or unplanned expenses are car repairs or replacements (36%), holiday and travel costs (29%) and medical bills (25%).

With four in five Australians believing credit cards are an easy source of funds² and the same proportion indicating they're more convenient than a personal loan³ it's not surprising over a quarter (28%) of Australians will choose to take on extra credit card debt when 'it' happens.

Mark Jones, SocietyOne CEO, said: "When 'it' happens, and you need a loan, you should reflect on whether you're getting the best deal and if a quick fix high interest credit card is the best option. With one in five (20%) Australians facing unexpected costs having expenses worth more than \$5,000, and a national credit card debt of \$45 billion,⁴ there may be a better alternative to dealing with 'it' than putting it on plastic. You could save up to \$1,490 by choosing a SocietyOne, three year personal loan over a credit card to manage a \$5,000 expense, and up to \$2,800 on a \$10,000 expense."⁴

SocietyOne's *When 'It' Happens Report* shows there are misconceptions about the personal loan process, which could be driving Australian's addiction to plastic with more than half (55%) Australians feel applying for a personal loan is difficult and the application and approval process will take 4.5 days. In reality, the process is quick and simple, with 50% of SocietyOne personal loan applications approved in the same day.

"When you need money fast, the last thing you want to do is spend hours filling out an application form and waiting a week for the money to appear," Mark said. "To help deal with the unexpected quickly, while ensuring you're getting the best deal, SocietyOne has reduced its loan application time to less than 10 minutes by allowing you to submit your bank statements electronically. This has helped save more than 24,000 customers between 30 min and 1 hour applying for a loan.

"Customer experience and satisfaction is important to us, which is why we have placed digital innovation at the core of our business – ensuring a better deal for our customers."

¹ Based on their most recent large unexpected cost which wasn't fully covered by savings or insurance that was covered by their primary form of funding

² 4 in 5 (79%) Australians agree credit cards are an easy source of funds

³ 4 in 5 (79%) Australians feel using a credit card is more convenient than a personal loan to pay for an unexpected cost⁴

⁴ Australian Securities and Investment Commission, 4 July 2018, <https://asic.gov.au/about-asic/media-centre/find-a-media-release/2018-releases/18-200mr-asic-consults-on-credit-card-responsible-lending-assessments>

⁴ Savings comparison assumes credit card interest rate of 19.74% p.a. and an interest rate of 7.50% p.a. on a SocietyOne loan over 3 years, with the same repayments on both.

Tips from SocietyOne to help Aussies deal with 'it'

- **Break the credit habit.** Things happen – 12.4 million Australians have faced a large unplanned financial cost at some point. Rather than choosing the “easy” solution and reaching for a credit card, consider if there is a better option. For example, you could save up to \$1,490 by choosing a SocietyOne, three year personal loan over a credit card to manage a \$5,000 expense, and up to \$2,800 on a \$10,000 expense.⁵ That is a significant saving on interest.
- **Pay off more than the minimum balance.** Interest can hit hard on large unexpected costs. You can reduce its impact and the amount you will owe by paying more than the minimum balance required on your monthly statements.
- **Use this as an opportunity to get back on track.** When faced with unplanned costs, take the opportunity to get your finances in order by consolidating your debt and expenses into a single account. Choose the financial option which rewards your good credit, with a lowest interest rate and a monthly repayment scheme that you can manage - so you can save money and get on with life.

- Ends -

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ABOUT SOCIETYONE

SocietyOne is widely recognised as Australia’s leading marketplace lender, having pioneered marketplace lending in August 2012. SocietyOne provides a better deal than that offered by major banks by using risk-based pricing to digitally match creditworthy borrowers with investor funders who finance the lending. Since its inception, it has provided \$500 million in total lending and helped more than 24,000 borrowers.

SocietyOne has been at the forefront of the ‘fintech’ disruption of the financial services industry in Australia, being listed in the 2016 Global Top 100 FinTechs by KPMG and H2 Ventures and named one of Australia and New Zealand’s Most Innovative Companies in 2018 by *The Australian Financial Review*. Over the past few years it has received numerous industry awards for innovation and excellence, including Best Digital Banking Offering of the Year at the 2016 Australian Retail Banking Awards, Innovative Retail Product of the Year in the 2017 RFI Group Australian Retail Banking Awards, the 2017 Excellence in P2P Lending award in the inaugural FinTech Australia awards and Best Bank/FinTech Collaboration Award at the 2017 Australian FinTech Awards. For more information visit www.societyone.com.au

ABOUT THE SOCIETYONE WHEN IT HAPPENS REPORT

The research was commissioned by SocietyOne and conducted by Lonergan Research in accordance with the ISO 20252 standard. Lonergan Research surveyed 1,054 Australians aged 18+. 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 12-17 September 2018. After interviewing, data was weighted to the latest population estimates sourced from the Australian Bureau of Statistics.

⁵ Savings comparison assumes credit card interest rate of 19.74% p.a. and an interest rate of 7.50% p.a. on a SocietyOne loan over 3 years, with the same repayments on both.