



**mainstreet**

# Australia's financial habits

Understanding how  
Australian's spend and save  
money

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JULY 2021



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# About Mainstreet Insights

Mainstreet Insights, initiative of Reventure and McCrindle, exists to provide insights to build flourishing communities. It seeks to understand Australians as people not just consumers or employees. It explores the big issues of life that are impacting main street

Australia. From family and relationships to education, faith, wellbeing and work, it is a collection of timely insights that speaks into important community conversations to enable leaders to make informed decisions.

## Research objectives

This research conducted for Mainstreet Insights seeks to explore the financial health of Australians.

The key objectives of this research are to:

- Understand the motivations behind the spending habits of Australians
- Explore the financial health of Australians
- Understand the behaviours and attitudes of Australians towards spending and saving money

## Research methodology

The report *Australia's financial habits: Understanding how Australians spend and save money*, is the collation of quantitative data collected via an online panel. The nationally representative survey of Australians aged 18 and over was in field from June 11<sup>th</sup> to June 16<sup>th</sup>, yielding 1,022 completed responses.

### Graphs and rounding

Data labels on the graphs in this report have been rounded for simplicity. Some graphs,

may, therefore sum to 99% or 101%. Any calculations where two data points have been added are based on raw data (not the rounded data labels on the graph) which have been rounded once combined.

### Terminology

Throughout this report the total sample of respondents are referred to as Australians. In addition to this several segmentation filters are applied to understand the results.

# Motivations for spending

## Time with loved ones motivates Australians to spend money.

For many Australians, COVID-19 has been a time of reflection and re-evaluating what is important to them. This shift in mindset and behaviour is seen through the financial habits Australians exhibit today. As a result, Australians are least likely to be spending money to keep up with the latest trends (25%) or to feel accepted by their circle of friends (10%).

In fact, the top motivation Australians have to spend money is in order to spend time with loved ones (63%) followed by new/unique experiences (45%).

### Australians value time over money

Despite a season of economic challenge for many Australians, more than three in four Australians (77%) are definitely/somewhat willing to earn less to spend more time with loved ones or do things they enjoy.

*"More than three in four Australians are willing to trade earnings for time which highlights how COVID has reset the national psyche from chasing accumulations to reprioritising life. It is all the more remarkable that amidst economic uncertainty there is a preparedness to earn less money in order to spend more time relationally and in restorative activities."*

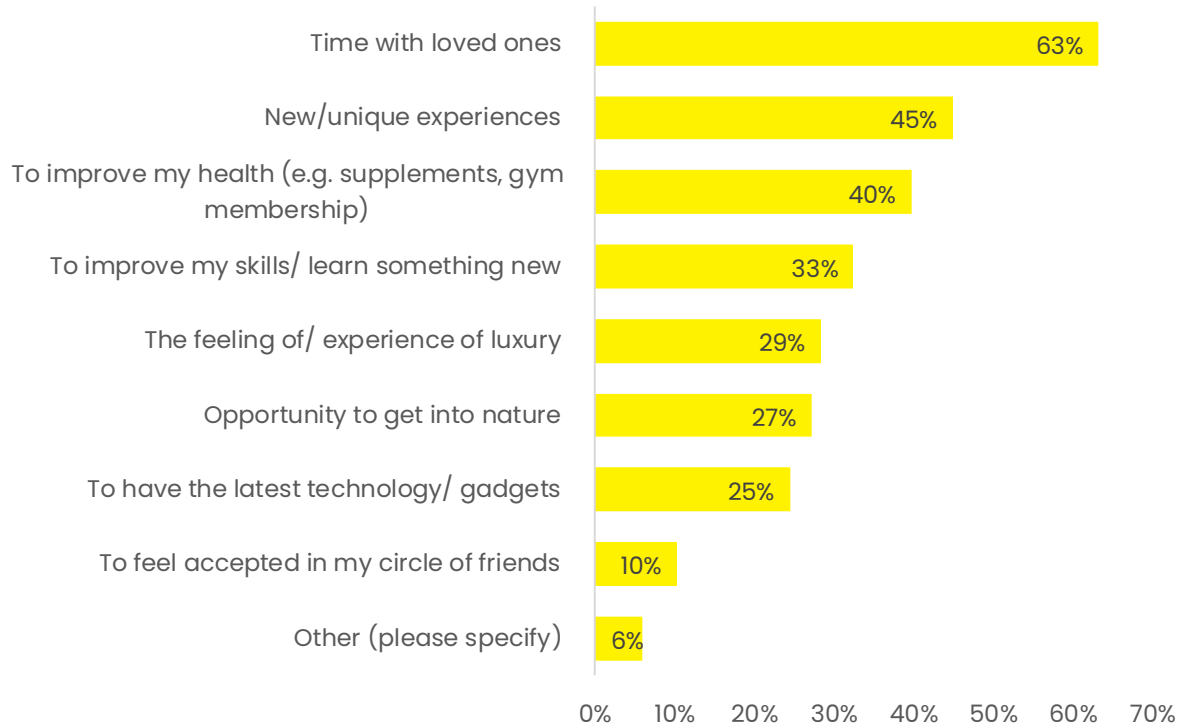
Mark McCrindle

Younger generations are more likely than their older counterparts to spend money for the feeling of luxury (43% Gen Z, 36% Gen Y, 28% Gen X cf. 18% Baby Boomers, 6% Builders) and to improve their skills or learn something new (40% Gen Z, 42% Gen Y, 30% Gen X cf. 23% Baby Boomers, 19% Builders).

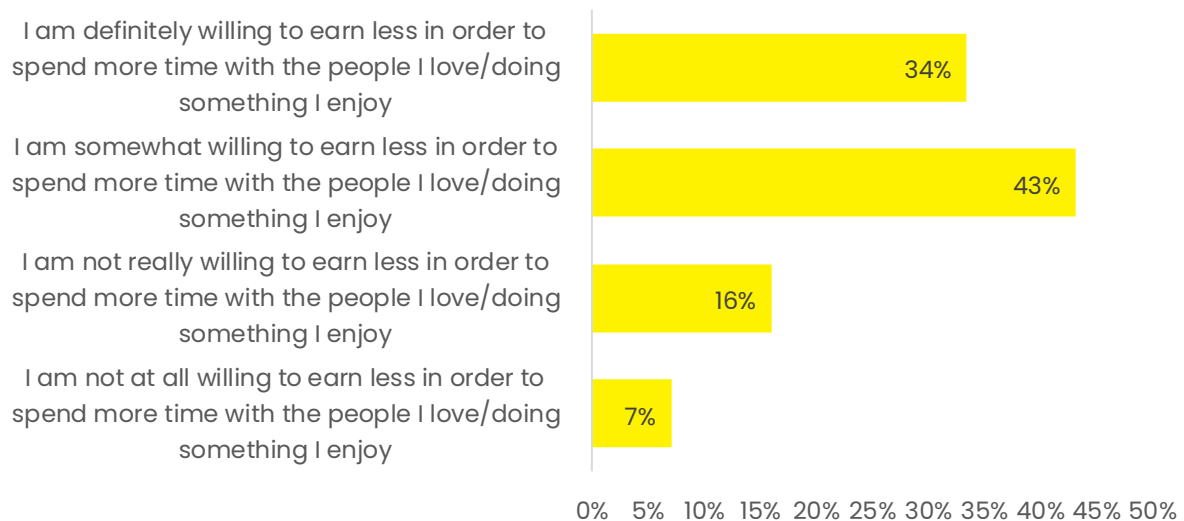
Australians who live in QLD are the most motivated to spend money on new/unique experiences (52% QLD cf. 44% VIC, 42% NSW) and in order to get into nature (34% QLD cf. 29% VIC, 26% NSW).

## Aside from fixed expenses, what motivates you to spend money?

Please select all that apply.



## Are you willing to earn less in order to spend more time with the people you love/doing something you enjoy?



## Even amidst economic uncertainty, Australians are giving generously.

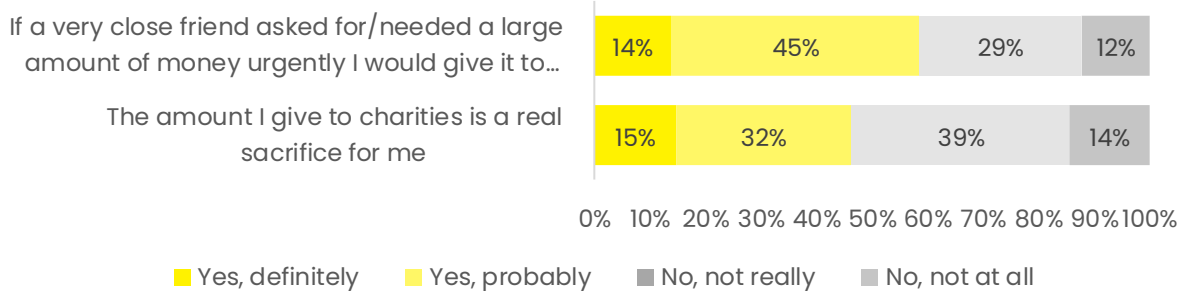
For many Australians, 2020 has been a difficult year financially. Two in five Australians (41%) have experienced a negative impact on their financial health while only 18% have experienced a positive impact<sup>1</sup>. Despite these challenges, Australians maintain a generous hand when it comes to helping others.

Three in five Australians (59%) would give a large amount of money to a close friend if they were in need.

Even though Gen Z are the least financially healthy, they are most likely to give a large amount to a close friend if they were in need (72% Gen Z, 64% Gen Y cf. 53% Gen X, 55% Baby Boomers, 40% Builders).

When it comes to giving to charities and not-for-profits 81% of Australians give financially<sup>2</sup>. The generosity of Australians is highlighted by the finding that almost half (47%) give an amount to charities that is a real sacrifice for them. For most Australian's, their giving habits have mostly remained unchanged as a result of COVID-19 (49%) and are expected to remain steady until the end of 2021 (53%)<sup>3</sup>.

### To what extent are the following true about your feelings towards money?



<sup>1</sup> Australians post COVID-19: Understanding how COVID-19 has shaped our society, McCrindle, October 2020, pg 8.

<sup>2</sup> Australian Communities: Understanding Australian giver to maximise the impact of

not-for-profit organisations, McCrindle, 2021, pg 8.

<sup>3</sup> Australian Communities: Understanding Australian giver to maximise the impact of not-for-profit organisations, McCrindle, 2021, pg 8.

# Financial behaviour

## Most Australian's are not yet ready to ditch cash.

Despite a rise in cashless payment methods, Australians still regularly carry cash. While many supermarkets, shops and cafés have opted for card only payments throughout the past 12 months, most Australians currently carry cash in their purse or wallet (67%). Only 3% haven't carried cash with them in the past 12 months.

*"Cash may no longer be king, but it is still something we like to carry, just in case. Indeed, just over half of the tech-savvy Generation Z (54%) still carry cash. What we spend it on though is changing with half of Australians, and most of the younger generations more likely to spend their money on experiences and intangibles than more stuff."*

Mark McCrindle

Males are more likely than females to currently have cash in their purse or wallet (70% male cf. 64% female).

Older generations are more likely than younger generations to currently have cash in their purse or wallet (83% Builders, 76% Baby Boomers cf. 66% Gen X, 63% Gen Y, 54% Gen Z).

### Australians prefer experiences than physical items

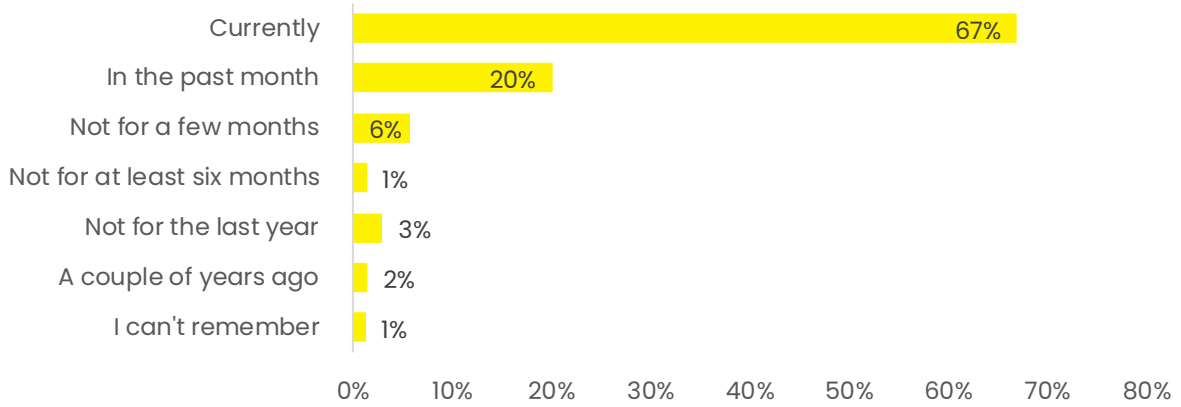
Interestingly half of Australians (50%) prefer to spend spare money on intangible experiences such as eating out rather than on tangible items such as clothing or technology.

The shift towards measuring wealth and success with more holistic markers such as quality of relationships, indicates a change in the way Australians understand wealth and success. Three in five Australians (61%) however, have a desire to be rich.

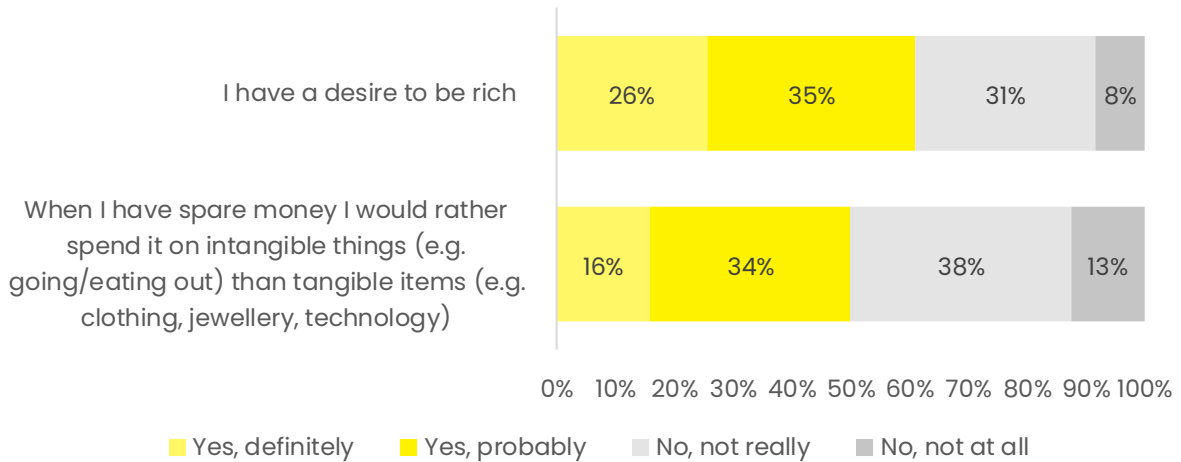
While younger generations champion the shift towards spending money on experiences rather than physical items (63% Gen Z, 64% Gen Y cf. 46% Gen X, 36% Baby Boomers, 33% Builders), they have a higher desire than their older counterparts, however, to be rich (79% Gen Z, 74% Gen Y, 60% cf. Gen X 45% Baby Boomers, 30% Builders).



### When is the last time you carried cash in your wallet or purse?



### To what extent are the following true about your feelings towards money?



# The current financial health of Australians

## Australians rely on earning an income.

Most Australians rely on their income to stay afloat, living paycheck to paycheck. With the increase in unemployment and Australians taking pay cuts in the past 12 months as a result of economic instability amidst COVID-19<sup>4</sup>, many Australians have dipped into their savings. The reality for many Australians, therefore, is that their savings may not offer financial security for long.

In fact, more than half of Australians (58%) would run out of money within 6 months if they were to stop earning an income today. For more than a third of Australians (36%), the financial runway is much shorter being likely to run out of money within a week or so.

Younger generations are especially reliant on their income. This could be due to the casual workforce including retail and hospitality, being significantly impacted by COVID-19 restrictions<sup>5</sup>. Generation Z in particular, are least likely to survive without an income where 61% of Gen Z's do not have enough savings to last longer than a week (cf. 45% Gen Y, 35% Gen X, 16% Baby Boomers, 16% Builders).

### One fifth of Australians have less than \$100 in their savings account right now

Considering the limited savings Australians have, it is understandable that more than half of Australians (53%) have \$5,000 or less in their savings account right now. One in five Australians (22%) are in a particularly vulnerable financial position having less than \$100 in their savings account.

*"This research highlights how precarious household finances are for many Australians. One in five have less than \$100 in their savings account, and at least one in three have enough money for up to a week if their income stopped, which demonstrates the need for the various Covid emergency payments that have helped so many Australians over the last year."*

Lindsay McMillan

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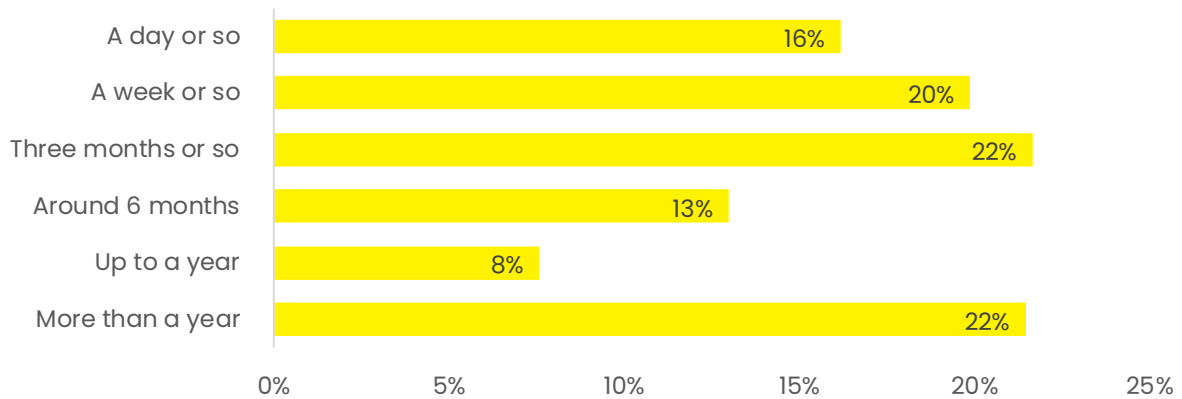
Females are more likely to have less than \$100 in their savings account than males (26% female cf. 17% male).

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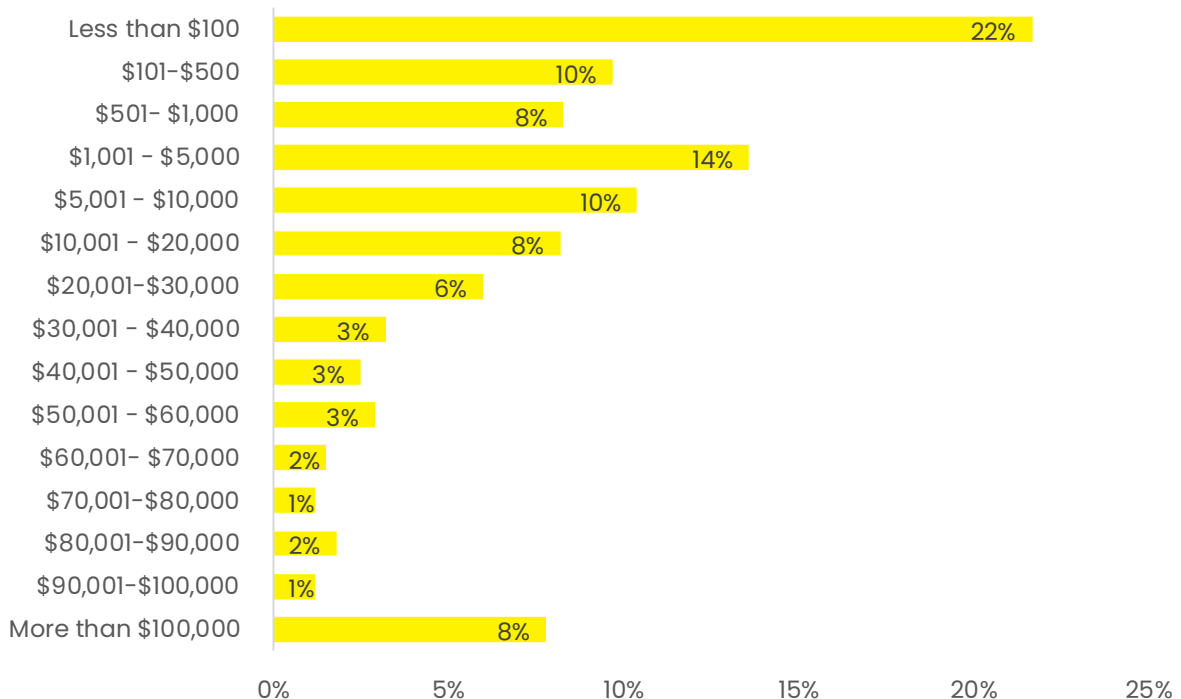
<sup>4</sup> COVID-19: Labour market impacts on key demographic groups, industries and regions, Parliament of Australia, October 2020

<sup>5</sup> COVID-19: Impacts on casual workers in Australia—a statistical snapshot, Parliament of Australia, May 2020

If you were to stop earning an income today, based on your savings (without refinancing or taking out more loans), how long would it be until you ran out of money?



In dollar value, how much money do you have in your savings account right now?



## Australians regret not prioritising their financial health earlier.

Financial health is a priority to Australians, yet for many, it has not been in the past. In fact, for one in five Australian's (20%), not prioritising their financial health earlier in life is their biggest regret. Interestingly, however, a similar proportion of Australians (17%), have no financial regrets. Almost half of Australians (49%) have prioritised financial saving as a result of COVID-19 and want to keep prioritising it in the future<sup>6</sup>.

### Younger generations are more likely to have financial regrets

With technology awarding younger generations access to shops and brands anytime and anywhere, it has increased their ability to keep up with rapidly changing trends<sup>7</sup>. As a result, younger generations are more likely than their older counterparts to regret buying something they didn't need (20% Gen Z, 14% Gen Y, 12% Gen X cf. 7% Baby Boomers, 3% Builders).

With COVID-19 seeing Australians spending a lot more time at home, it is interesting that Australians are least likely to regret either renting (4%) or buying (3%) their home. Even

fewer Australian's regret moving out of home (2%).

*"Australia's big intergenerational challenge is ensuring the emerging generations have the financial opportunities afforded the older generations. While housing affordability is a challenge for young people, equipping them with the skills to avoid buying unneeded items and setting savings goals is key to their future economic stability."*

Lindsay McMillan

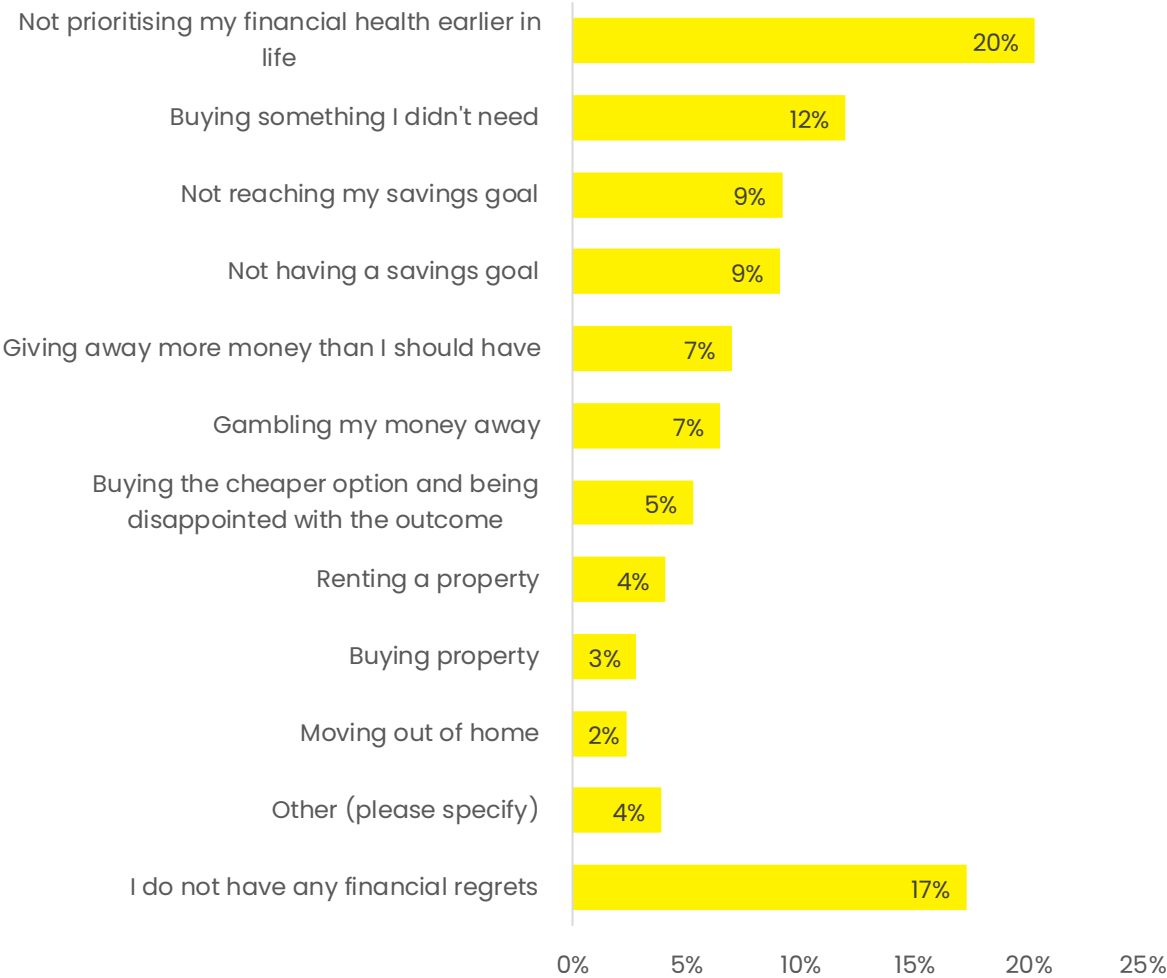
Younger generations are more likely than their older counterparts to regret not having a savings goal (17% Gen Z, 12% Gen Y, 10% Gen X cf. 3% Baby Boomers, 0% Builders).

While older generations are more likely than their younger counterparts to not have any financial regrets (44% Builders, 29% Baby Boomers cf. 18% Gen X, 8% Gen Y, 4% Gen Z).

<sup>6</sup> Recovering from COVID-19: The Australian experience, generational impacts and the future outlook, McCrindle, June 2020, pg. 10

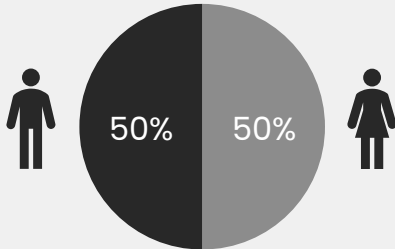
<sup>7</sup> Generation Z – the future consumer, McCrindle blog

### What is your biggest financial regret?

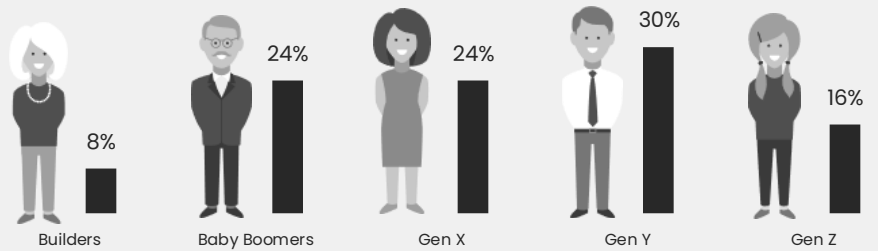


# Demographic summary

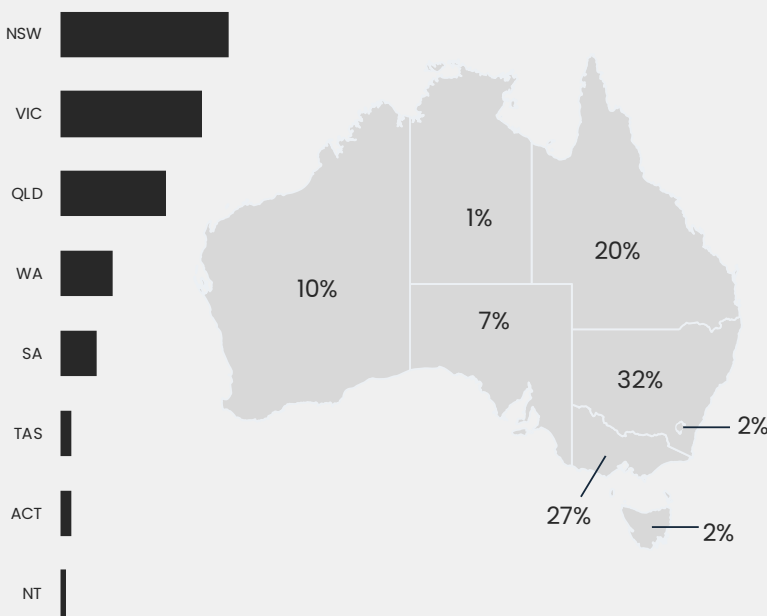
Are you male or female?



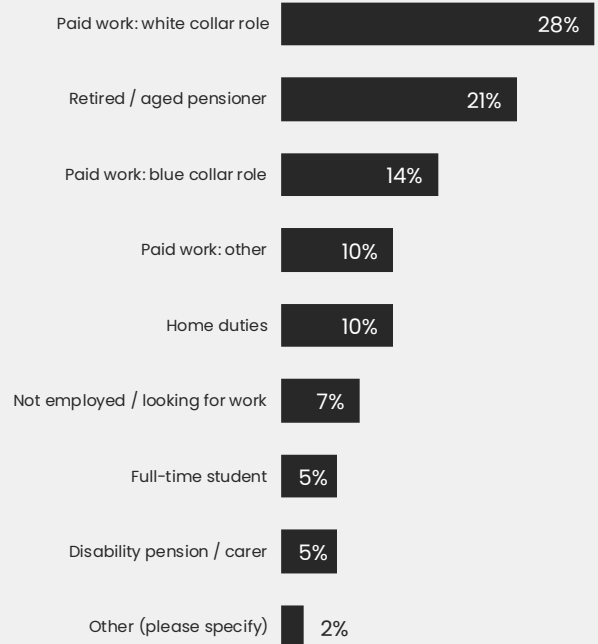
What age will you be in 2021?



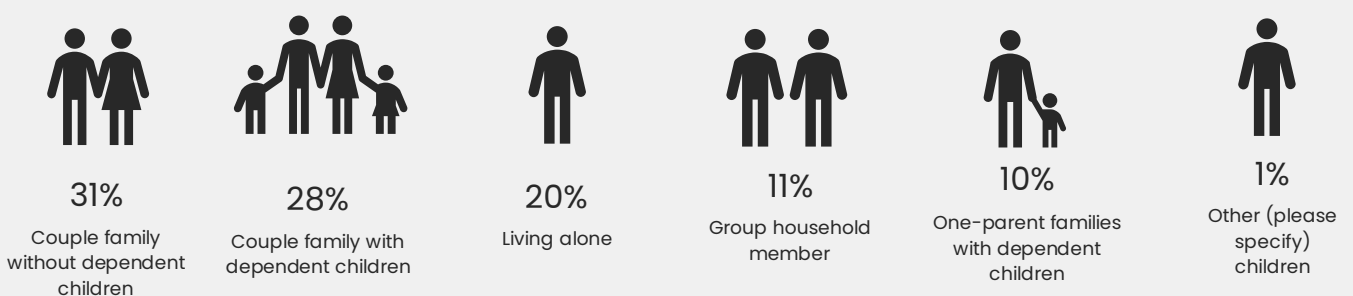
Where do you usually live?



Which of the following best describes your employment status?



What type of household do you currently live in?



**mainstreet**

The logo features the word 'mainstreet' in a bold, lowercase, sans-serif font. Below the text is a thick horizontal line that is broken in the middle by a diagonal line segment that slopes downwards from left to right, resembling a stylized street sign or a speech bubble tail.

# Get in touch.

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