



MEDIA RELEASE

FROM 12:01AM SUNDAY 10 MARCH 2019

Australians ditch plastic while spending rockets

- Surge in Buy Now Pay Later accounts threatening the long-term viability of credit cards
- Millennials more likely to fall into credit card debt than their parents
- Canberra crowned the credit card capital of Australia
- Adelaide is the cash capital of Australia

AUSTRALIA has passed the peak number of credit cards in circulation, with consumers increasingly moving to Buy Now Pay Later schemes to fund their lifestyles, a new report has found.

In just four years, Australians have opened 1.8 million Buy Now Pay Later (BNPL) accounts, which has grown to be one eighth the size of the mature 45-year old credit card market, with its 14.8 million cards.

Buy Now Pay Later schemes are a relatively new form of lay-by, where customers pay off a purchase in instalments after receiving their goods. They pay zero interest, but must pay the item off entirely in a set period, typically about two months.

According to illion's Credit Card Nation Report, Australians under the age of 30 hold only 10 per cent of all credit cards, but control a staggering 53 per cent of all BNPL accounts, suggesting they are flocking to the convenient new form of spending, rather than traditional means, for their purchases.

Australia's total credit card limit is now worth a collective \$152 billion while the average individual consumer limit is \$9,500. Australians made 2.9 billion credit and debit card transactions last year, worth \$327 billion¹, up from 1.4 billion transactions, worth \$207 billion, a decade earlier.

Today, 14.8 million consumer and 0.8 million business credit cards exist in Australia.

Contrary to popular belief, men have more credit cards than women.

While men represent about 49 per cent of the adult population, they hold 56 per cent of all credit cards, and represent 59 per cent of those who are two months or more behind on their repayments.

In turn, women represent 67 per cent of all BNPL users, suggesting they are more conservative about taking on credit card debt than men, and when they do, are more scrupulous about paying credit off on time to avoid defaulting on their obligations.

¹ <https://www.rba.gov.au/payments-and-infrastructure/resources/payments-data.html>



illion CEO Simon Bligh said the findings represented a shift in spending power to women and younger Australians. “While peak oil has yet to occur, this analysis shows we may have reached peak card, as credit card usage in Australia declines at an accelerating pace, particularly with younger consumers,” Mr Bligh said.

“With evolving forms of repayments offering consumers more choice in an increasingly fragmented and competitive credit system, Australia is at the tipping point of its credit card cycle.

“As the market moves towards Buy Now Pay Later schemes, women will take on an increasingly powerful and assertive role in the national economy as they control two-thirds of these accounts.

“Millennials currently represent only 10 per cent of the credit card market, but control 53 per cent of the growing BNPL system.

“Therefore, retailers will need to respond to shifts in how consumers want to purchase and pay off their goods and services over coming years, particularly as younger Australians enter adulthood and constitute a growing and more influential proportion of the spending population.

“However, millennials under the age of 30 are twice as likely as their parents to fall more than two months behind in their credit card payments, suggesting they have greater difficulty balancing spending and debt, regardless of their credit limit.”

Key findings from illion’s inaugural Credit Card Nation Report:

- ✓ Canberra is the credit card capital of Australia, with the highest rate of credit card ownership in the country, and the best record of on-time repayments
- ✓ Adelaide has the lowest credit card ownership per capita in Australia, indicating continued loyalty to cash payments in South Australia
- ✓ Darwin, Sydney and Brisbane have the worst rates of paying off credit card debt on time, making them the highest risk debt cities in the country
- ✓ In 2018, the average credit card transaction was worth \$148, compared to \$113 in 2008 as Australia was about to be hit by the Global Financial Crisis.
- ✓ 10,000 bankrupt Australians have credit cards
- ✓ 300,000 Australians have credit cards, despite defaulting on payments with other credit providers
- ✓ 560,000 card holders in Australia have some form of risk indicator
- ✓ 220,000 people have four or more credit cards from four or more financial institutions



- ✓ There is a direct link between the number of credit cards a consumer has from different banks, and their likelihood of defaulting on their repayments.

Mr Bligh said the report dispelled many of the nation’s spending myths.

“This data proves that men love to use credit cards more than women, with men clearly outranking women in credit card ownership across all age groups,” he said.

“Likewise, the likelihood of failing to pay off credit card debt on time increases if consumers have more than one card, and increases again if those cards are with multiple banks.

“This suggests that some consumers may be trying to disguise their true spending habits from banks when they apply for credit.”

Table 1: Credit cards vs Deferred Payment Accounts by age

Decade	Under 30	30s	40s	50s	60s	70s	Over 80
Credit Cards	57%	88%	92%	96%	99%	99%	100%
BNPLS	43%	12%	8%	4%	1%	1%	0%

Table 2: Credit card market share vs 60+ payment arrears by age

Decade	Under 30	30s	40s	50s	60s	70s	Over 80	TOTAL
% of market	9%	21%	21%	21%	16%	9%	3%	100%
% of defaults (60 + payment arrears)	20%	28%	24%	16%	8%	3%	1%	100%

Table 3: Number of credit cards in Australia (rounded to nearest thousand)

Decade	Under 30	30s	40s	50s	60s	70s	80s
Male	692,000	1,738,000	1,791,000	1,735,000	1,368,000	753,000	254,000
Female	606,500	1,296,000	1,346,000	1,374,000	1,068,000	552,000	225,000

Table 4: Gender breakdown - credit card payment arrears by 60+ days



Decade	Under 30	30s	40s	50s	60s	70s	Over 80
Male	11,363	16,994	13,757	9,119	4,269	1,602	528
Female	7,895	10,848	10,064	6,733	3,103	1,112	559

Table 5: Gender breakdown – DPA accounts

Decade	Under 30	30s	40s	50s	60s	Over 70
Male	334,369	125,846	62,402	24,694	6,957	1,771
Female	602,490	291,679	195,344	95,850	26,892	4,960

Table 6: Number of credit cards per State and Territory per capital city (rounded to nearest thousand)

City	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	Darwin
No. credit cards	3,228,000	2,989,000	1,419,000	695,000	1,234,000	111,000	80,000	81,000
% of market	22%	20%	9%	5%	8%	1%	0.5%	0.5%

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About illion:

illion is the leading independent provider of trusted data and analytics products and services in Australia, with the company’s consumer and commercial registries representing a core element of Australia’s financial infrastructure.

We leverage consumer and commercial credit registries, which comprise data on over 24 million individuals and over 2 million commercial entities, to provide end-to-end customer management solutions to clients in the financial services, telecommunications, utilities and government sectors.