



MEDIA RELEASE

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Regional Australians outpace city dwellers on credit cards

AUSTRALIANS are cutting up their credit cards in droves but regional Australians have become the highest users of credit cards, a new report shows.

According to illion's Credit Card Nation 2 Report, while the overall number of credit cards fell by almost half a million in the 12 months to March 2019, regional Australia has seen stable growth in the number of credit cards, with volumes increasing by 180,000 in the last quarter.

This is in sharp contrast to metropolitan card ownership figures, which have fallen by more than 400,000.

illion CEO Simon Bligh suggested movement in the nation's house prices could be causing consumers to think differently about their credit cards.

"The current slump in house prices has largely been concentrated in the capital cities, while the price falls in regional Australia have been more moderate. These price trends, coupled with tightening credit, may have influenced consumers in the cities to consolidate their financial position, including cutting up their credit cards," he said.

"In the country, it's a different story, and many parts of rural Australia have faced extenuating circumstances with their livelihoods heavily impacted by the drought. Farmers have needed support with their cash flow and have turned to credit cards."

illion holds data on 95 per cent of all Australian credit card accounts, making it amongst the most accurate sources for predicting consumer and business trends in the market.

In the 12 months to March 2019, Australians held 14.6 million cards, down 462,000 cards, or 3.1 per cent from the year prior.

"The Australian economy is facing weak spending patterns, low wage growth, high levels of mortgage debt and low rates of saving," he said.

"While the number of credit cards overall is falling, those who have them are using them more often. Some consumers are struggling to manage their cash flow and are opting to drift into debt rather than pay off their bills immediately.

"Interest rates are now at record levels but we can see there is widespread financial stress for those with large mortgages, most likely sitting with the 'mortgage generation', aged between 35-50."



Key highlights from the report

- RBA data shows that in the 12 months to March 2019, Australians held 14.6 million cards, down 462,000 cards, or 3.1 per cent from the year prior.
- Australians made 222 million credit and debit card transactions in March this year, up by 3.6% from 214 million 12 months earlier¹.
- While the overall number of credit cards is falling quickly, collectively, Australia's credit card limit stands at \$137.3 billion², down from \$141.6 billion³ in from March 2018.
- In the 12 months to March 2019, Australians held 14.6 million cards, down 462,000 cards, or 3.1 per cent from 12 months earlier.
- More than 35,000 Australians have five or more credit cards, making them five times more likely to default on their debts than those with fewer cards to manage.
- More than 350,000 card-holders in Australia have some form of risk. This could be a bankruptcy, summons, judgement or default known by the lender.
- Credit cards are most popular with young baby-boomers aged in their 50s, who own about one card each, compared with only 0.2 cards for each Australian adult under 25 years of age.
- Almost \$12 billion worth of credit card liability is sitting with 1.4 million high-risk Australian consumers, representing a '\$12 Billion time-bomb'. High-risk borrowers are more likely to default on their debts than others and represent 10.3 per cent of the entire market.

What's happening with millennials?

The report shows there are 320,000 fewer credit card accounts in the over-25 age group. Conversely, around 10,000 accounts have been opened by millennials, representing 4 per cent growth.

However, people under 25 pose the greatest risk of failing to pay back their debts, as they are about six times more likely to be two months behind in their repayments than Australians over the age of 50.

In fact, millennial men own just 5 per cent of all credit cards but represent 12 per cent of all those with debts exceeding 60 days.

"It is likely that the rise in millennial credit card ownership can be explained by young Australians getting their first job and getting a credit card, but as card volumes continue to fall, we are worried financial institutions and credit providers might also be taking on more risk to prop up their numbers," Mr Bligh concluded.

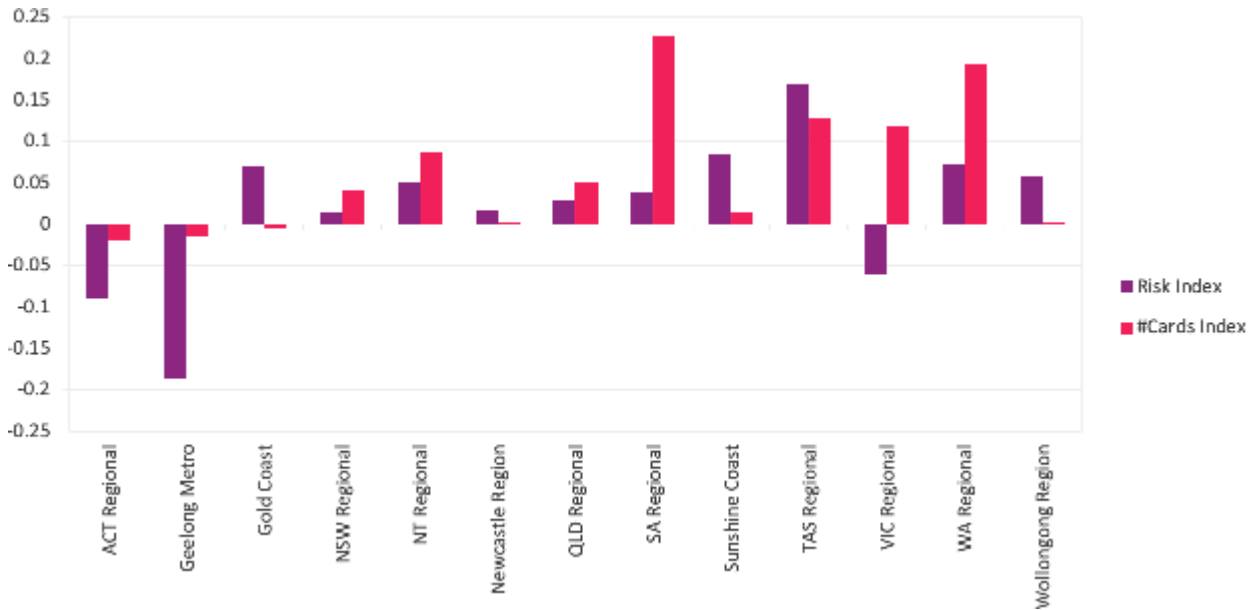
¹ RBA C1.2 Credit and Charge cards – Original Series – Personal and Commercial Cards April 2019 CELL N206

² Official Reserve Bank figures of total market - Cell C28 in Marketshare tab

³ RBA C1.2 Credit and Charge cards – Original Series – Personal and Commercial Cards April 2019 CELL S218



Percentage difference in credit card ownership and risk since October 2018



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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.