

The New Vulnerable Australians Insight Presentation

October 2022



Areas Will Cover Today

- Who are the “New Vulnerable” Australians and how many are there?
- Drivers of “New Vulnerable Low Income” incidence
- How does “New Vulnerable Low Income” profile compare?
- Managing finances and the “New Vulnerable Low Income”
- Broader Finance Measurements
- Final Thoughts

Who are the “New Vulnerable”
and how many are there?



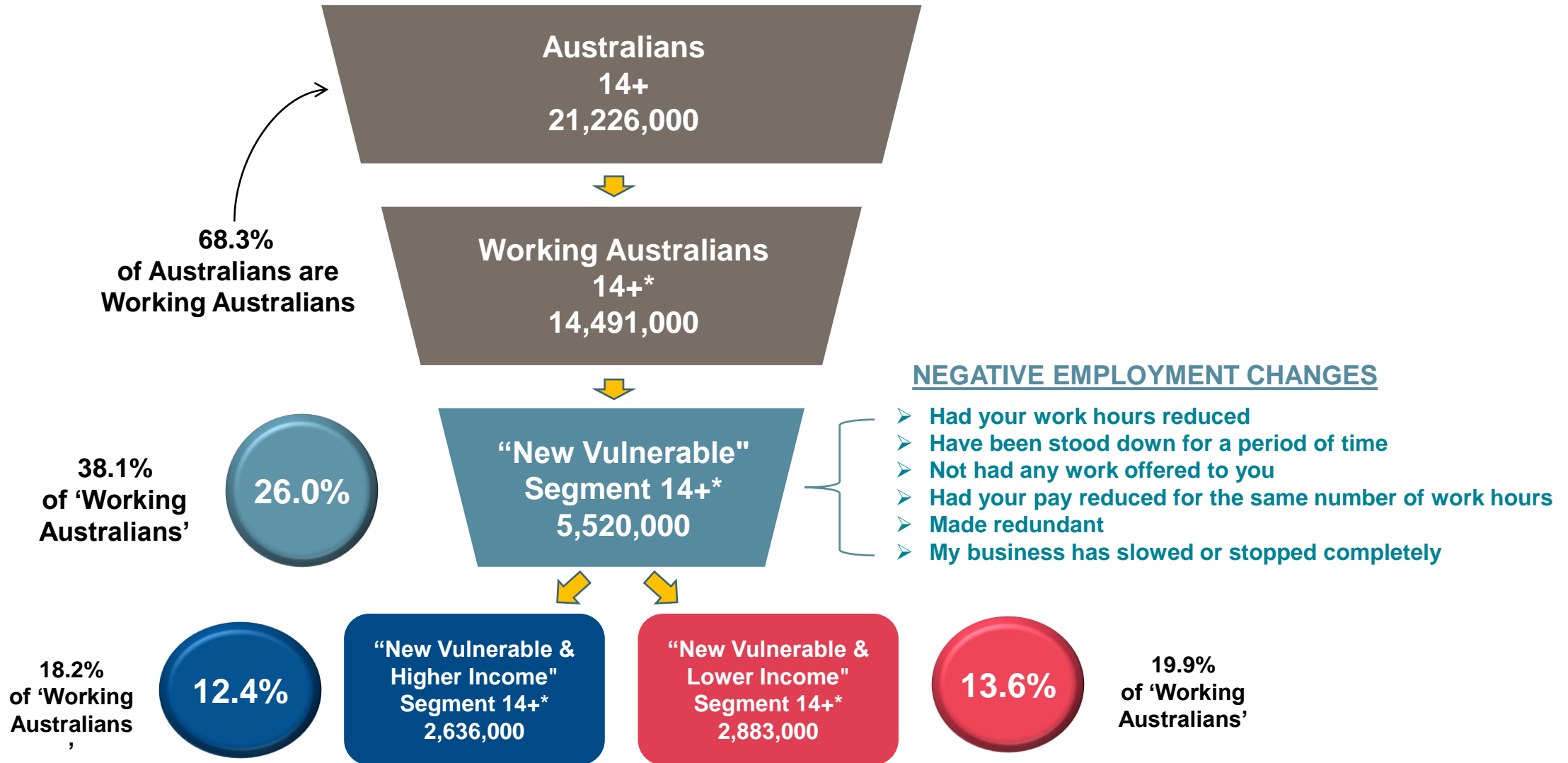
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➤ “New Vulnerable” Australians

26.0% of Australians 14+
negatively impacted by employment
changes due to COVID*

➤ This equates to **38.1%** of Working Australians 14+

1 in 7 (13.6%) Australians 14+ are “New Vulnerable Low Income”

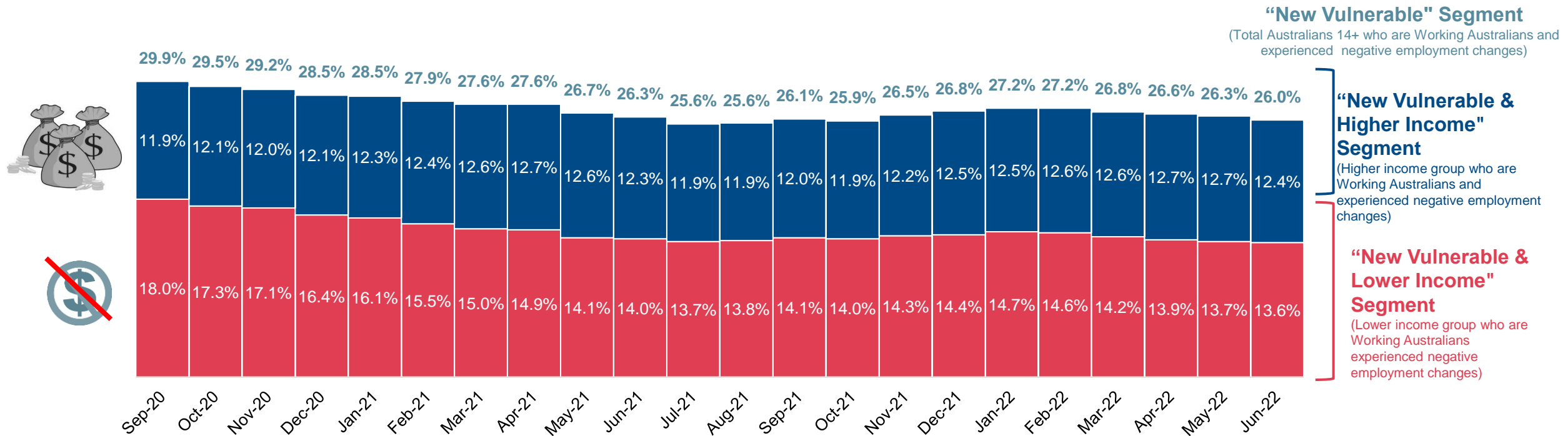


Source: Roy Morgan survey of Australian, Jan22-Jun22
Percentages are amongst Total Australians 14+*

*Remark: Compared to previous research, where some respondents were excluded for no answer/don't know income, as of the current report, all respondents have an assigned income result. Additionally, proportions are shown based on Total Australians 14+, whereas earlier research was focussed specifically on 'Working Australians 14+' only.

Consistently more “New Vulnerable” in the “Lower income” segment

Composition of “New Vulnerable” Segments



Source: Roy Morgan survey of Australians, Sep-20 to Jun-22 6mma results

Base: Total Australians 14+

*Remark: Compared to previous research, where some respondents were excluded for no answer/don't know income, as of the current report, all respondents have an assigned income result. Additionally, proportions are shown based on Total Australians 14+, whereas earlier research was focussed specifically on 'Working Australians 14+' only.

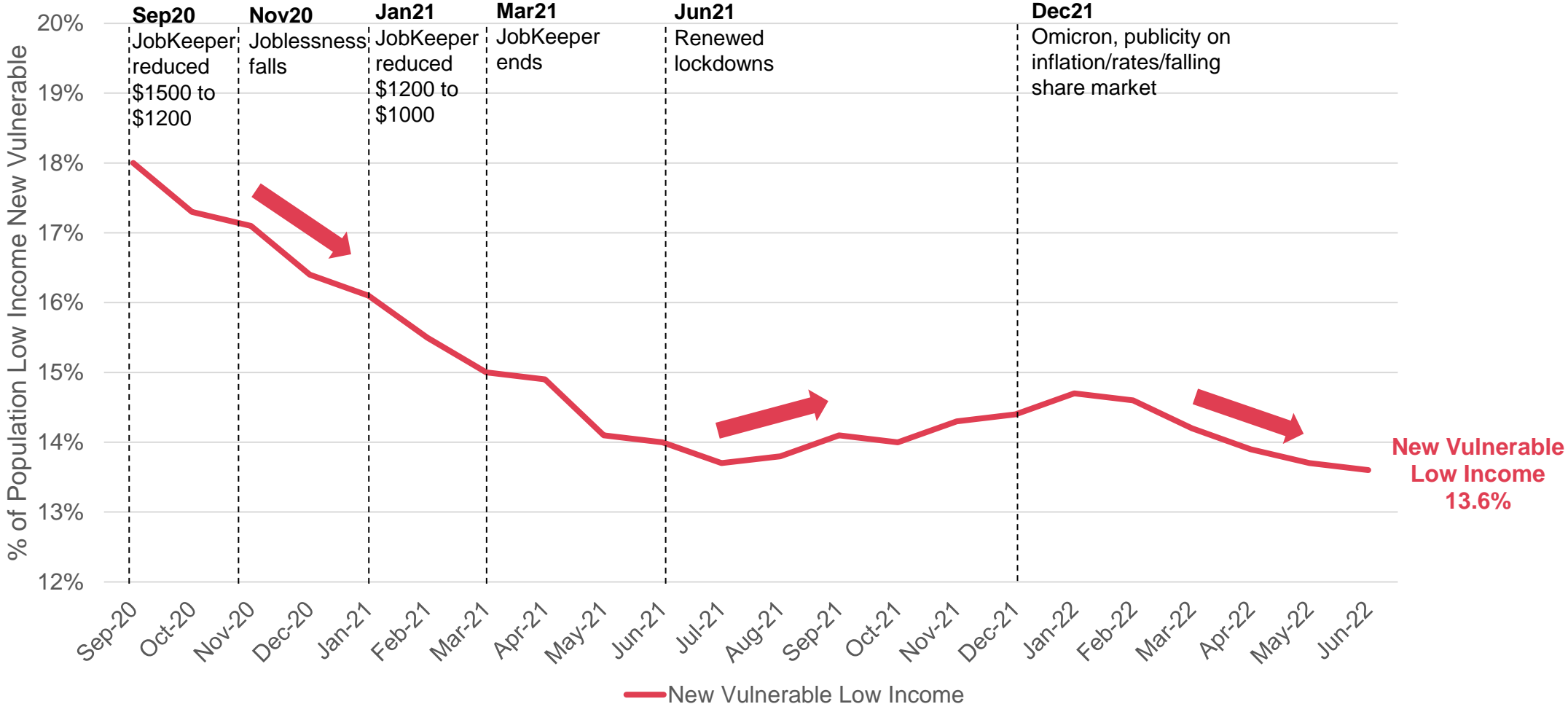
Remark: “New Vulnerable” Segment refers to working Australians with negative employment changes as a result of Coronavirus crisis, “New Vulnerable & Higher Income” Segment refers to higher income group with negative employment changes as a result of Coronavirus crisis, “New Vulnerable & Lower Income” Segment refers to lower income group with negative employment changes as a result of Coronavirus crisis

Drivers of “New Vulnerable Low Income” incidence



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While fewer “New Vulnerable Low Income” with improved job market, rose again following renewed lockdowns. Recently declined with economy opening.

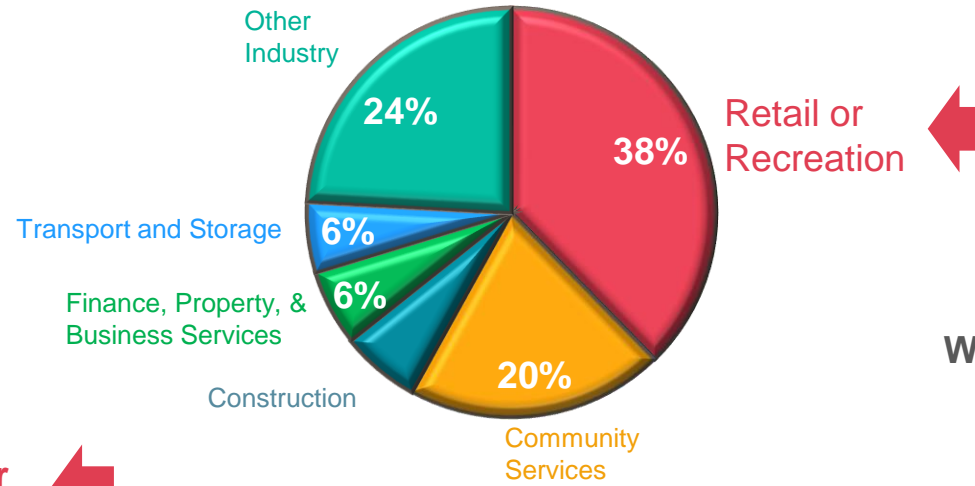


Source: Roy Morgan Single Source, Sep20-Jul22
 Base: Australians aged 14+, 6mma results

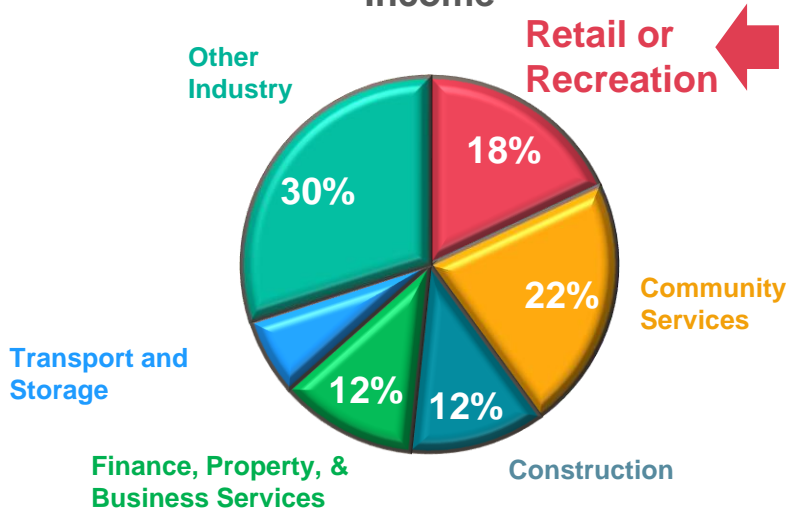
Why did “Low Income New Vulnerable” rise during renewed lockdowns?

They work in industries more affected by lockdowns – retail and recreation

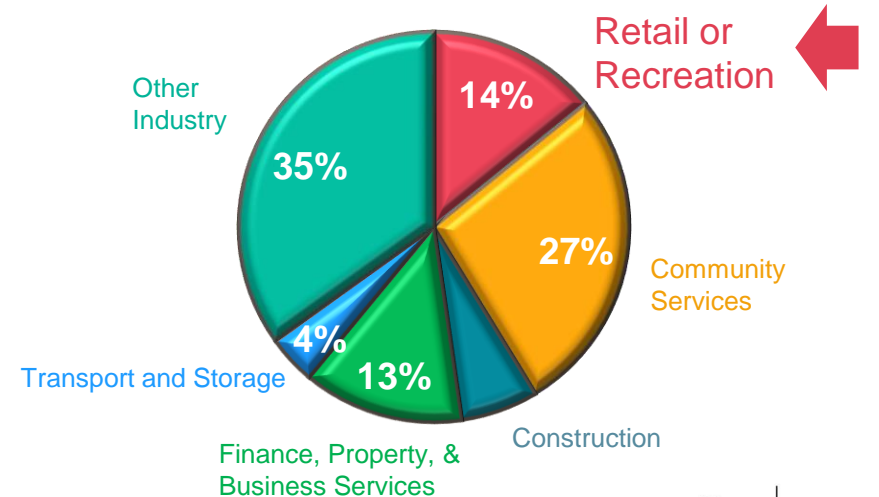
New Vulnerable Low Income



New Vulnerable High Income



Working Australians and NOT New Vulnerable

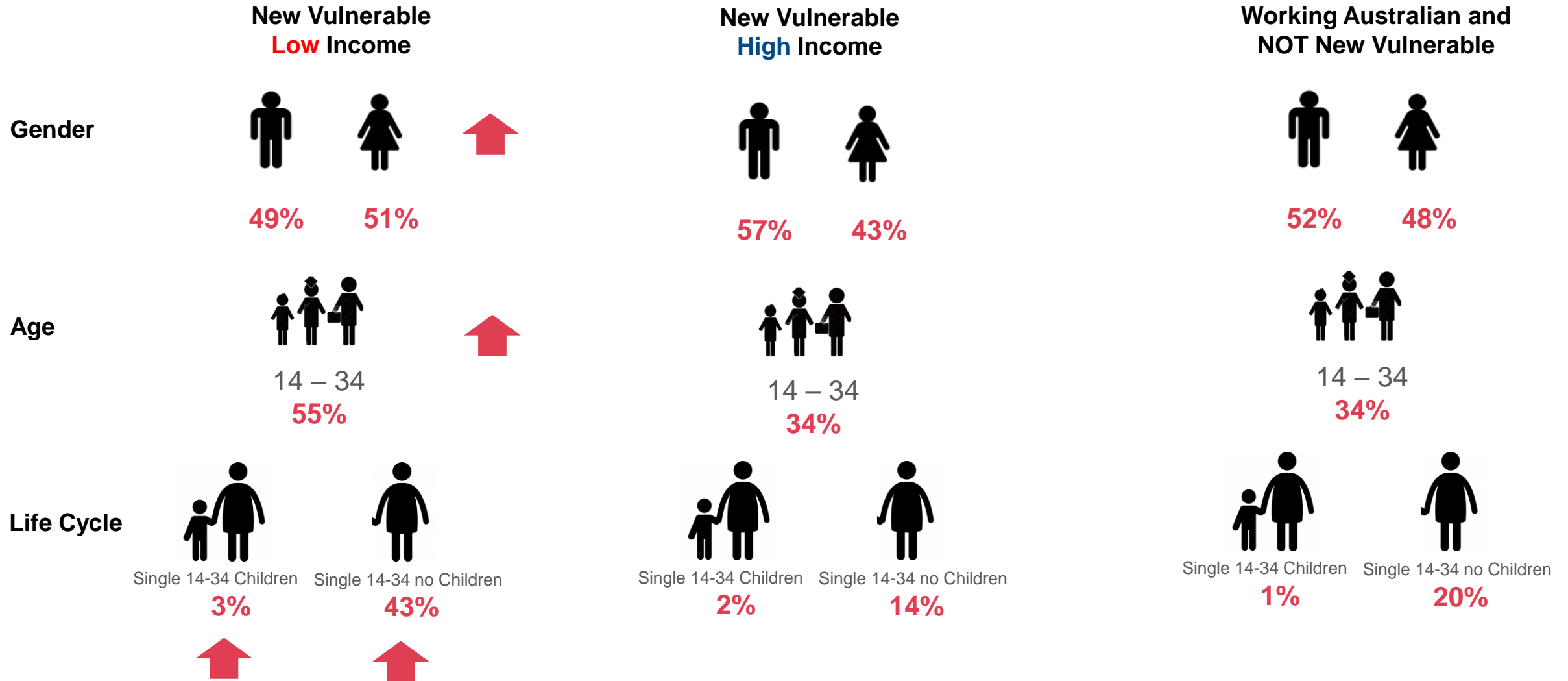


How does “New Vulnerable Low Income” profile compare?



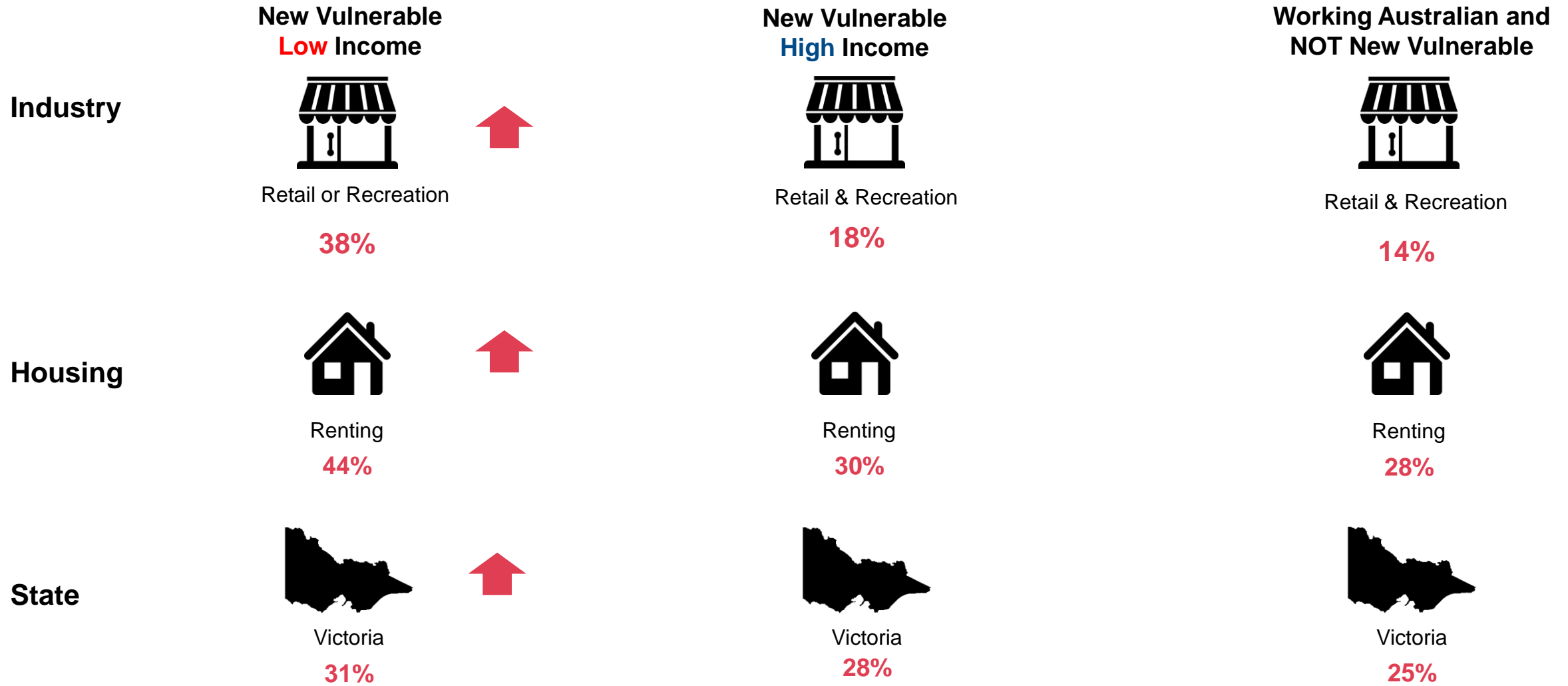
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“New Vulnerable Low Income” are more likely to be female, aged 18-34.
 Also, more likely to be young singles, either with or without children



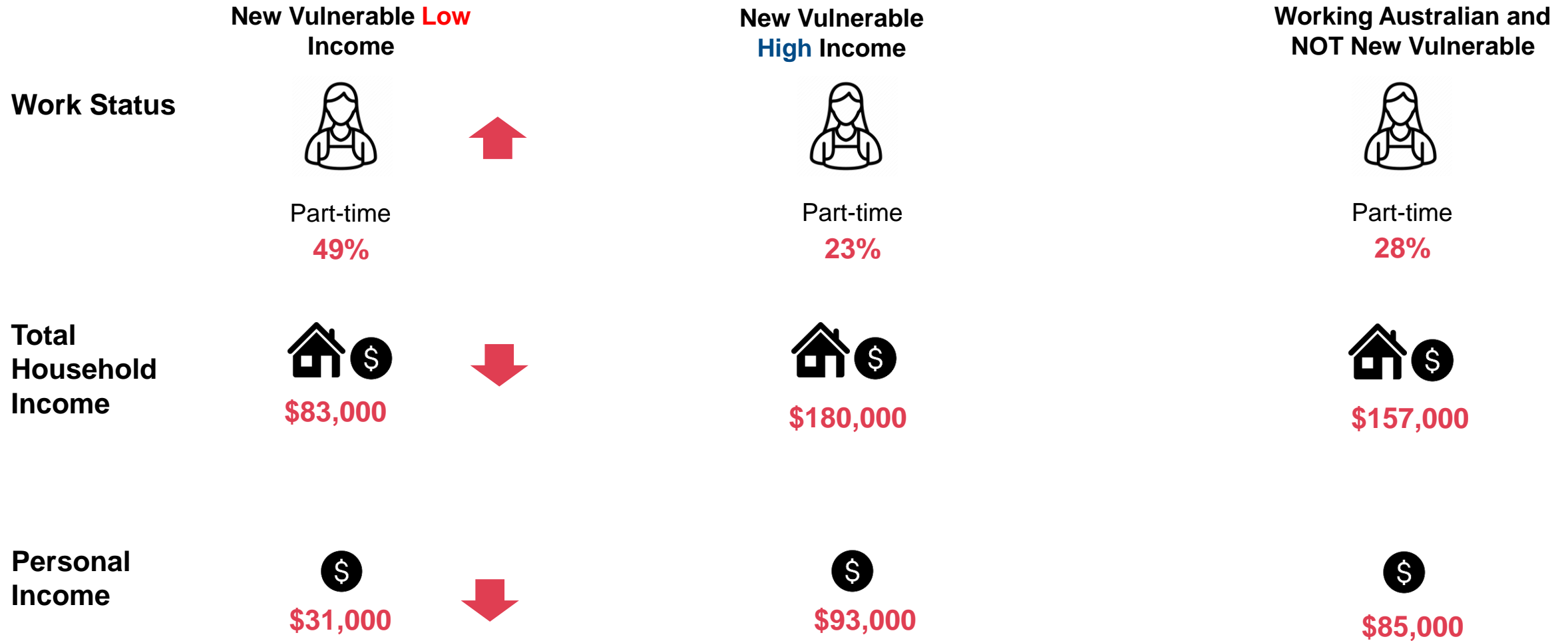
Source: Roy Morgan Single Source
 Base: Australians 14+ who are Working Australians, January – June 2022, n=19,357
 11 Note: Should be read as a percentage of each column. E.g., 55% of New Vulnerable Low Income are aged 14-34

“New Vulnerable Low Income” are more likely to work in retail or recreation, rent their accommodation, and live in Victoria (lockdowns)



Source: Roy Morgan Single Source
 Base: Australians 14+ who are Working Australians, January – June 2022, n=19,357
 12 Note: Should be read as a percentage of each column. E.g., 44% of New Vulnerable Low Income are renting

“New Vulnerable Low Income” are more likely to work part-time



Source: Roy Morgan Single Source
Base: Australians 14+ who are Working Australians, January – June 2022, n=19,357
13 Note: Should be read as a percentage of each column. E.g., 49% of New Vulnerable Low Income work part-time

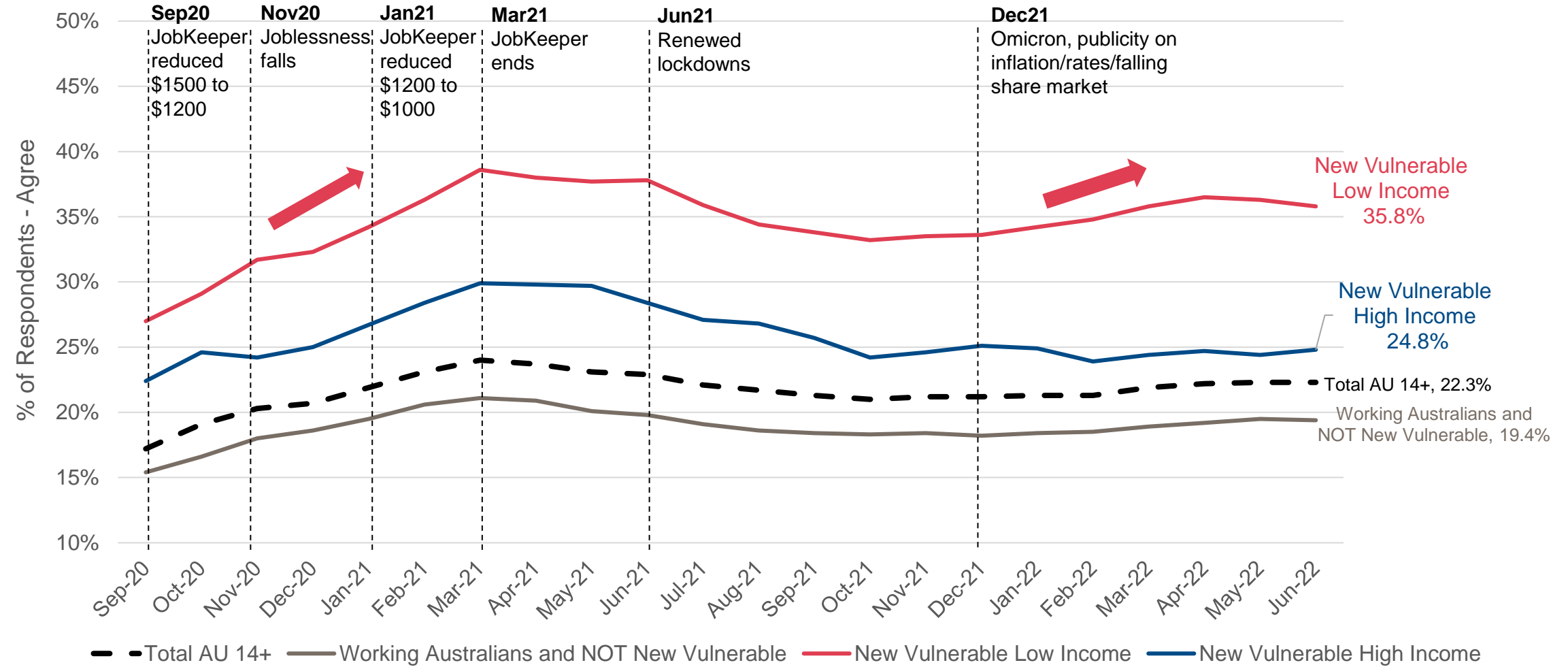
Ability to Manage finances and the “New Vulnerable Low Income”



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Withdrawal of JobKeeper and rising inflation may be factors impacting the struggle of paying of bills and loan commitments

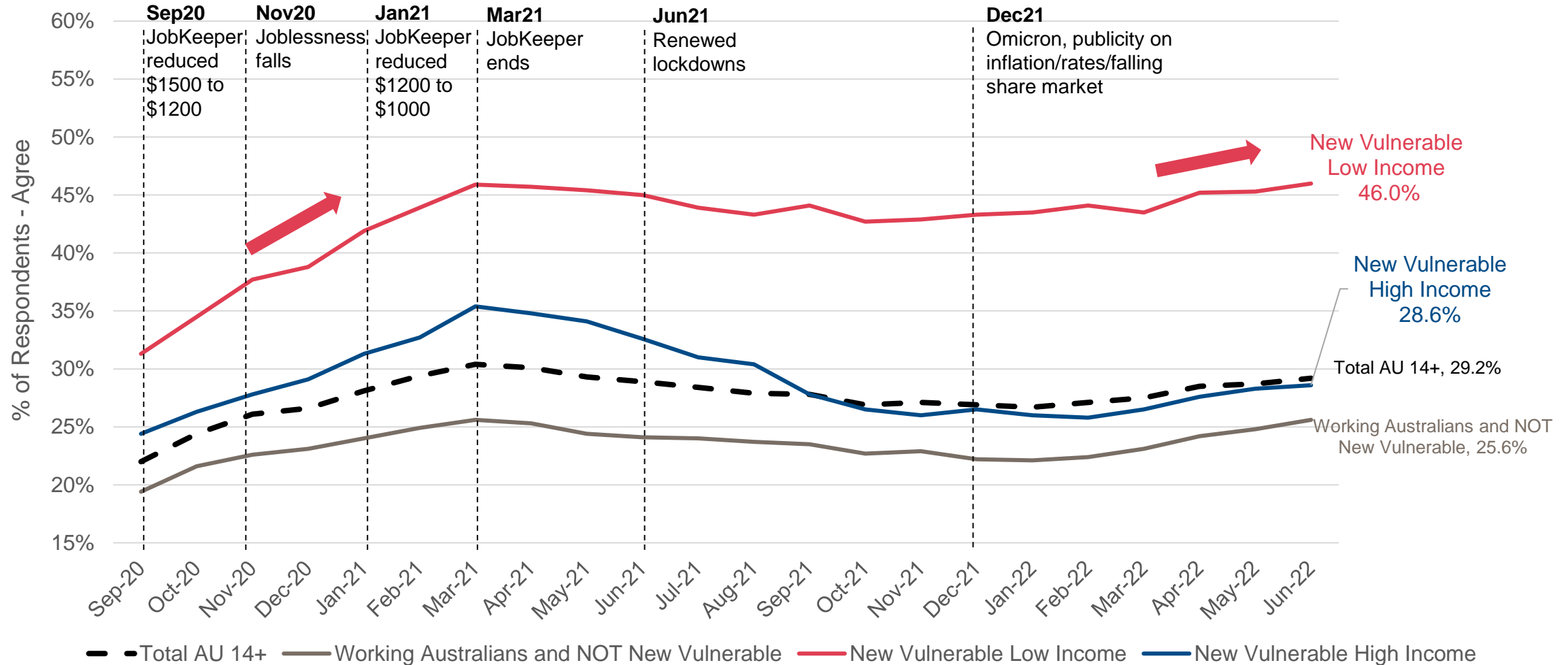
In the past 12 months, I have sometimes been unable to pay bills or loan commitments at the final reminder due to lack of money



Source: Roy Morgan Single Source, Sep20-Jul22
Base: Australians aged 14+, 6mma results

Similarly, the withdrawal of JobKeeper and rising inflation may be factors behind running short of money for food and other regular expenses

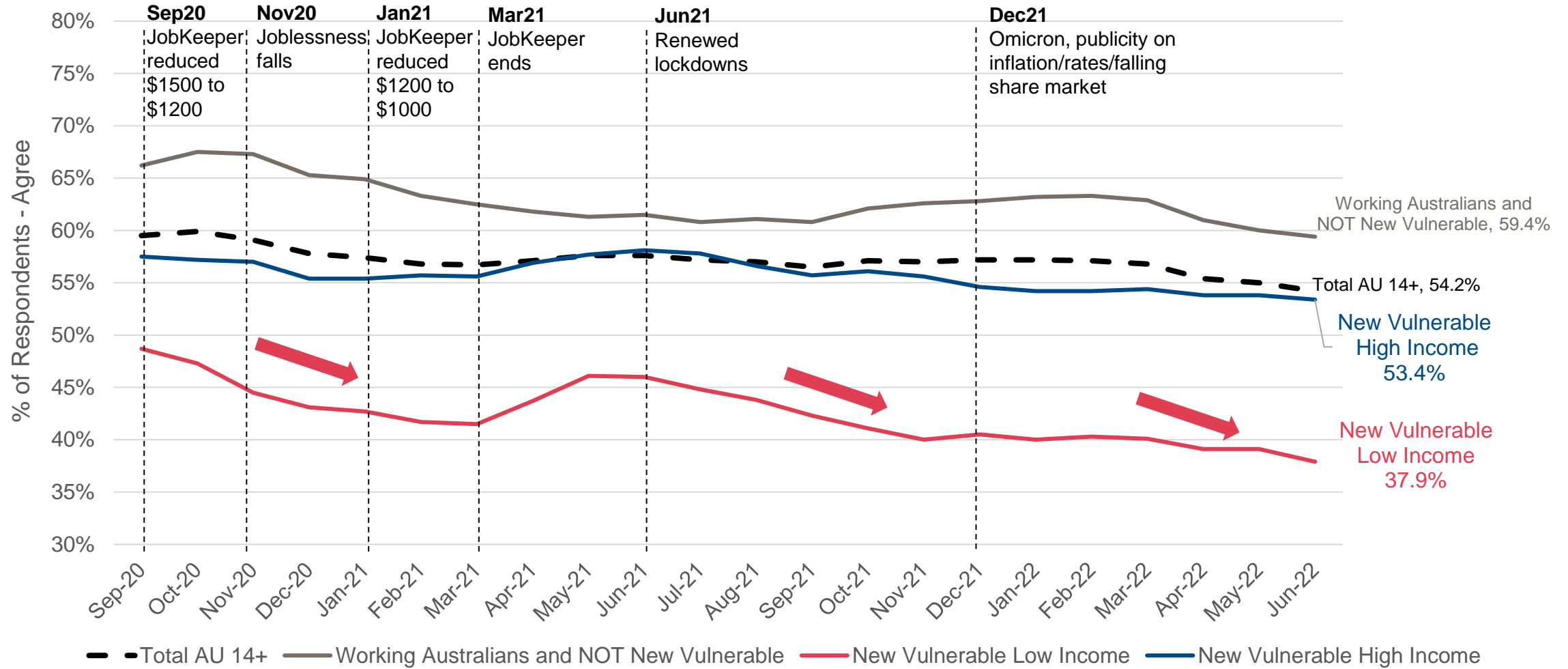
I sometimes run short of money for food or other regular expenses



Source: Roy Morgan Single Source, Sep20-Jul22
Base: Australians aged 14+, 6mma results

Withdrawal of JobKeeper, renewed lockdowns and rising inflation all appeared to lessen the sense of financial stability among the “New Vulnerable Low Income”

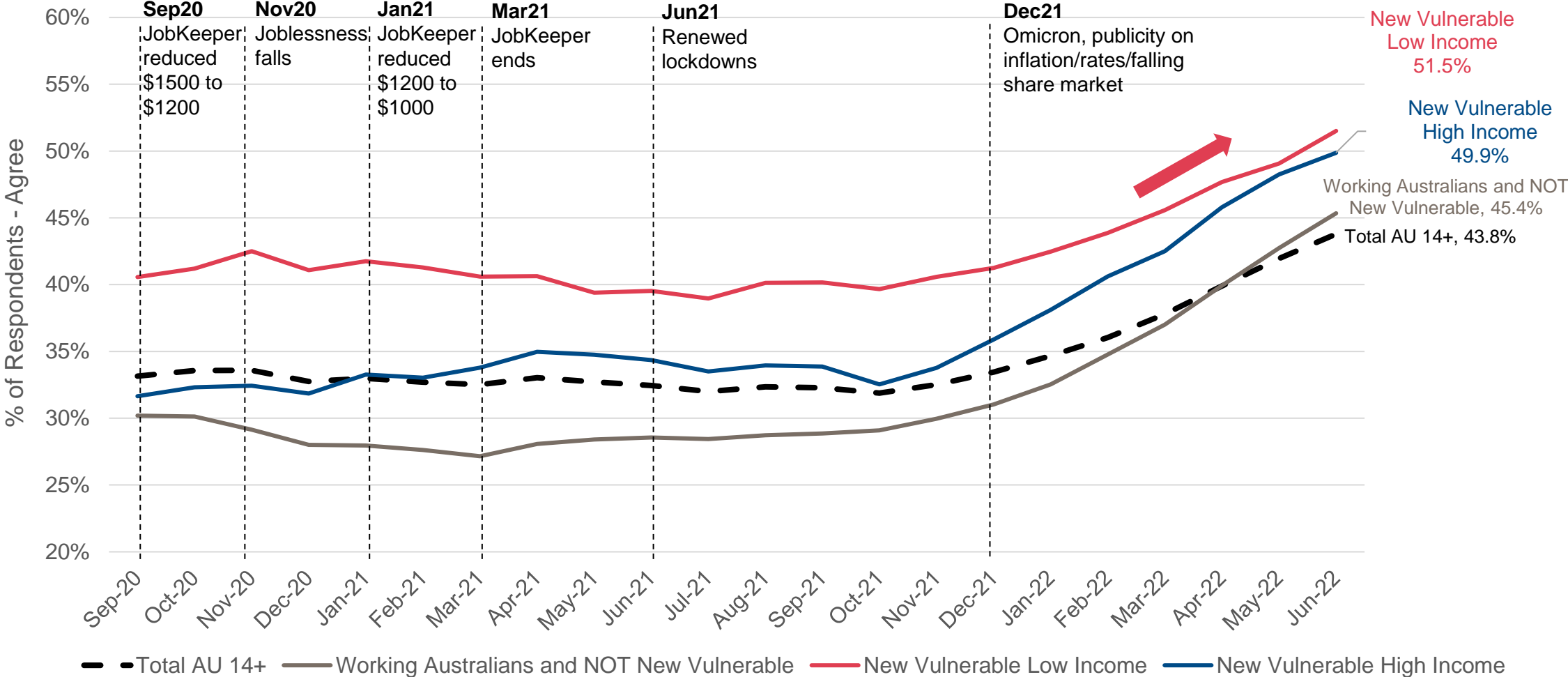
I feel financially stable at the moment



Source: Roy Morgan Single Source, Sep20-Jul22
Base: Australians aged 14+, 6mma results

Concerns about interest rates have lifted sharply since inflation commenced its upward climb

I'm worried about interest rates at the moment



Source: Roy Morgan Single Source, Sep20-Jul22
 Base: Australians aged 14+, 6mma results

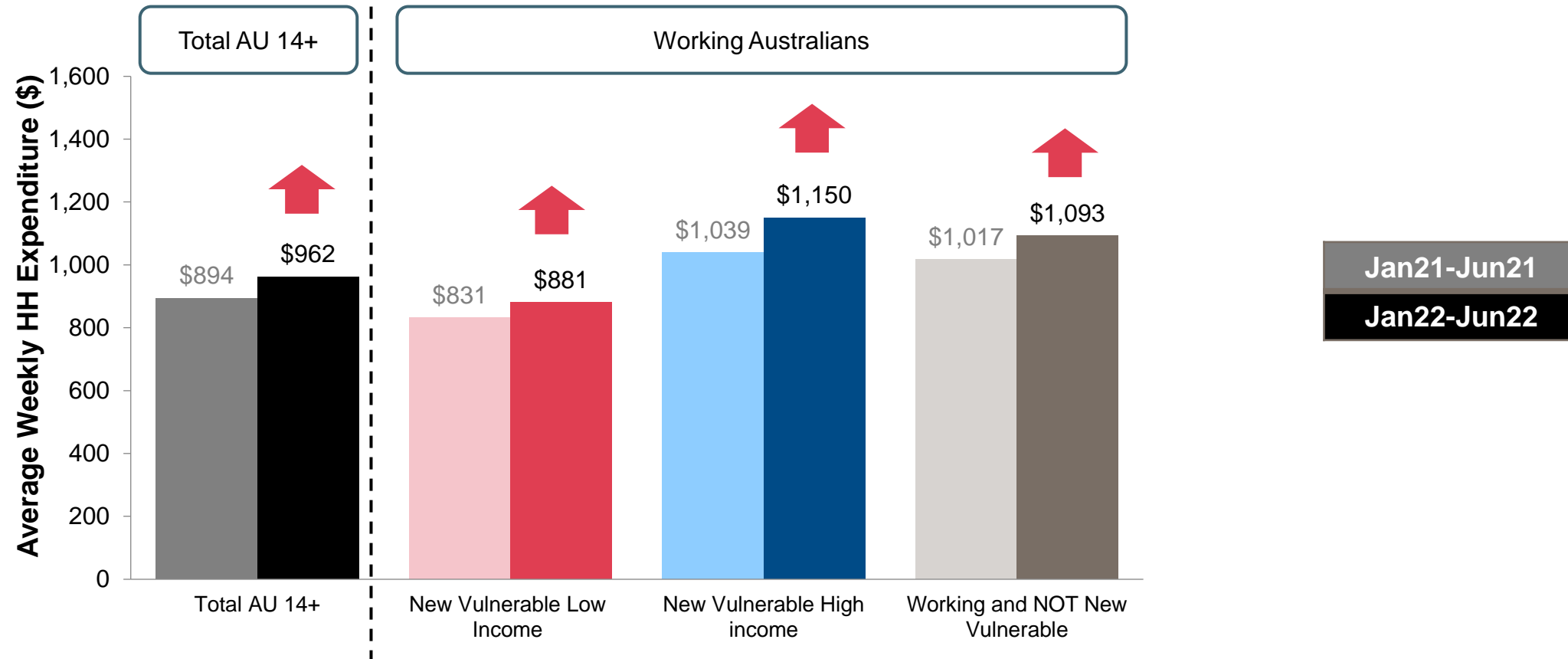
Broader Finance Measures



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Average Household Expenditure has risen YoY for all customer groups. Expenditure is lower for “New Vulnerable Low Income”

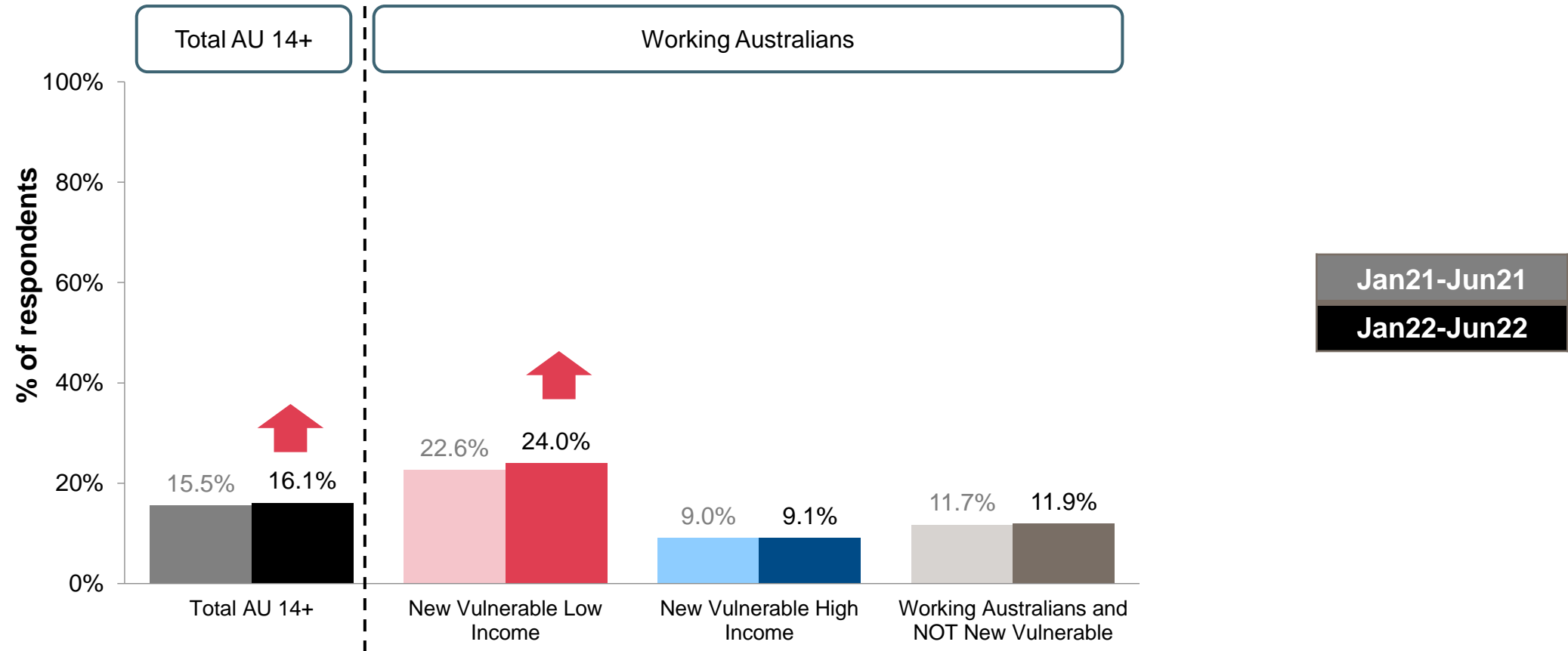
Household Expenditure: Amount family spends in an average week



Source: Roy Morgan survey of Australians, Jun-21 vs. Jun-22, 6mma results
 Base: All Australians 14+

Across the total population, YoY increase in the proportion with less than \$500 in their accounts. Most evident among “New Vulnerable Low Income”

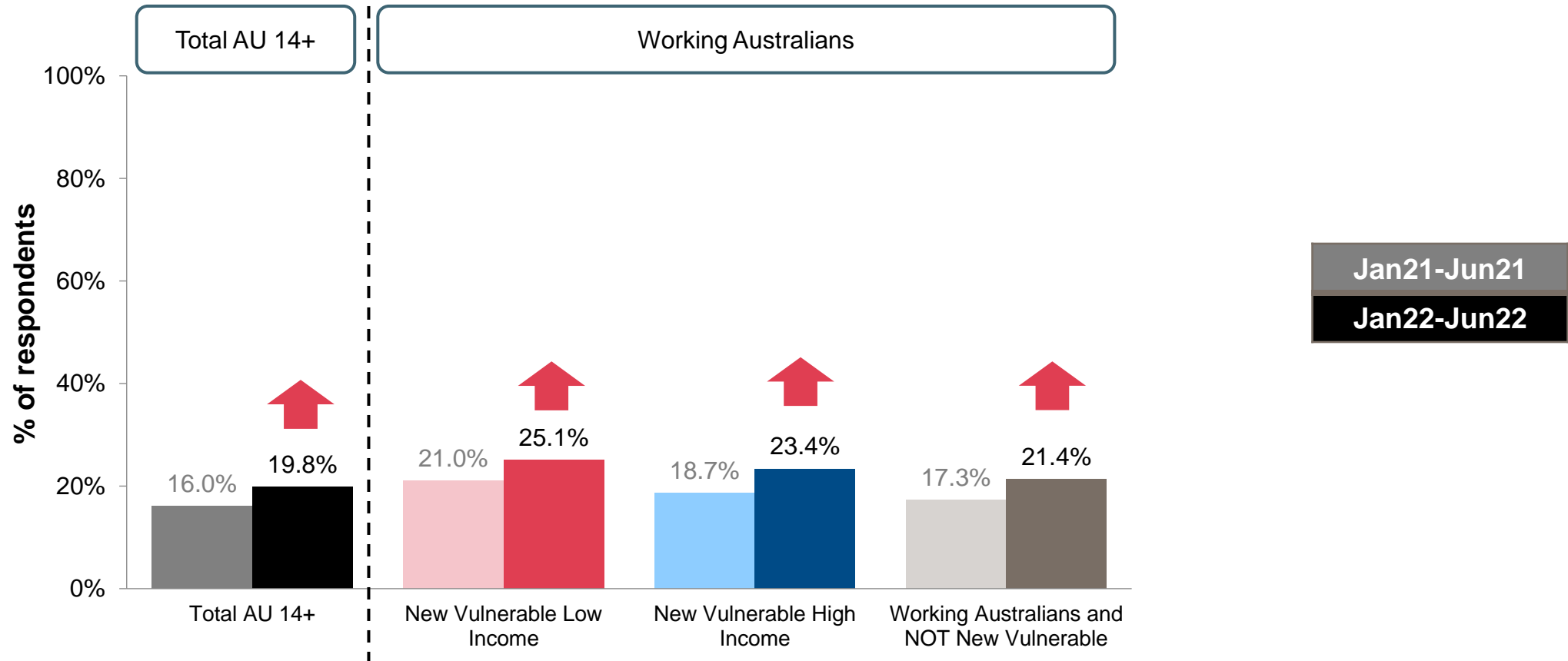
Less than \$500 in Accounts



Source: Roy Morgan survey of Australians, Jun-21 vs. Jun-22, 6mma results
 Base: All Australians 14+ who hold Any Account product

YoY usage of Buy-Now-Pay-Later in the last 12 months has risen across all groups

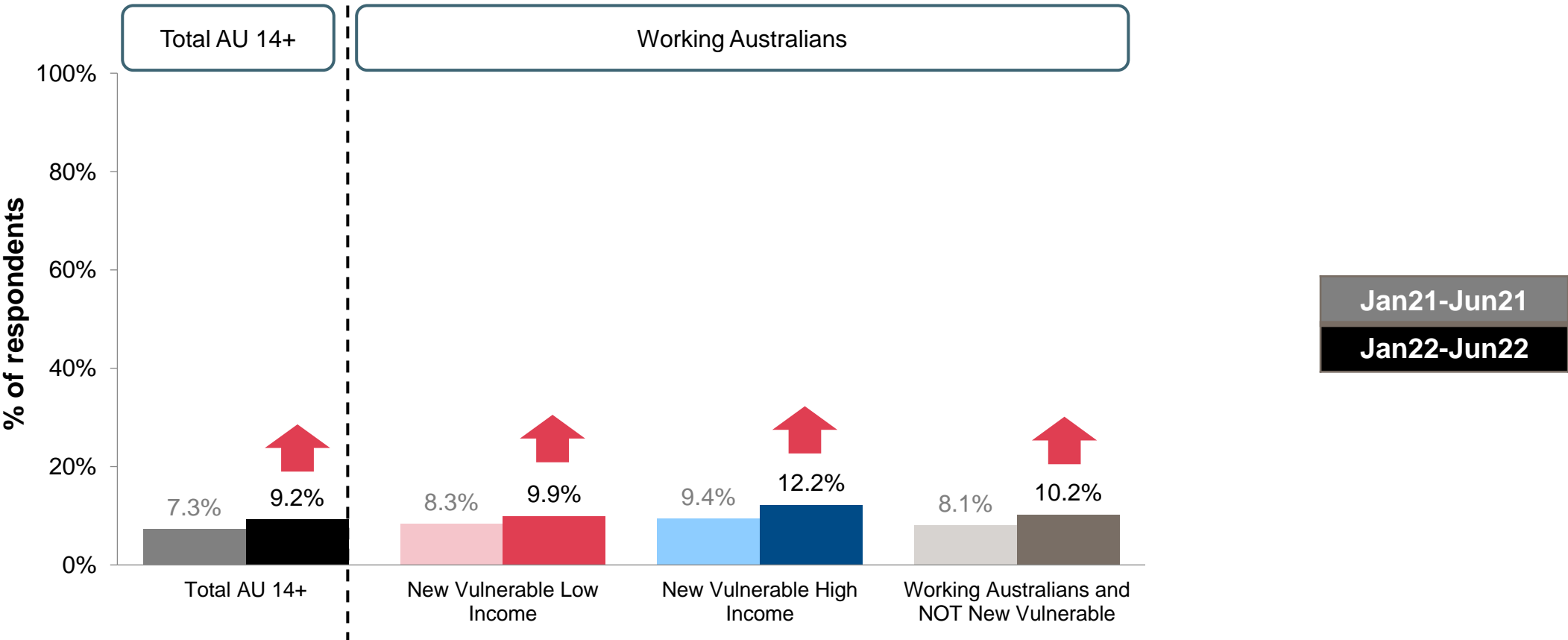
Total Buy-Now-Pay-Later Usage L12M



Source: Roy Morgan survey of Australians, Jun-21 vs. Jun-22, 6mma results
Base: All Australians 14+

YoY increases seen for all groups in having bought goods on interest free terms in the last 3 months

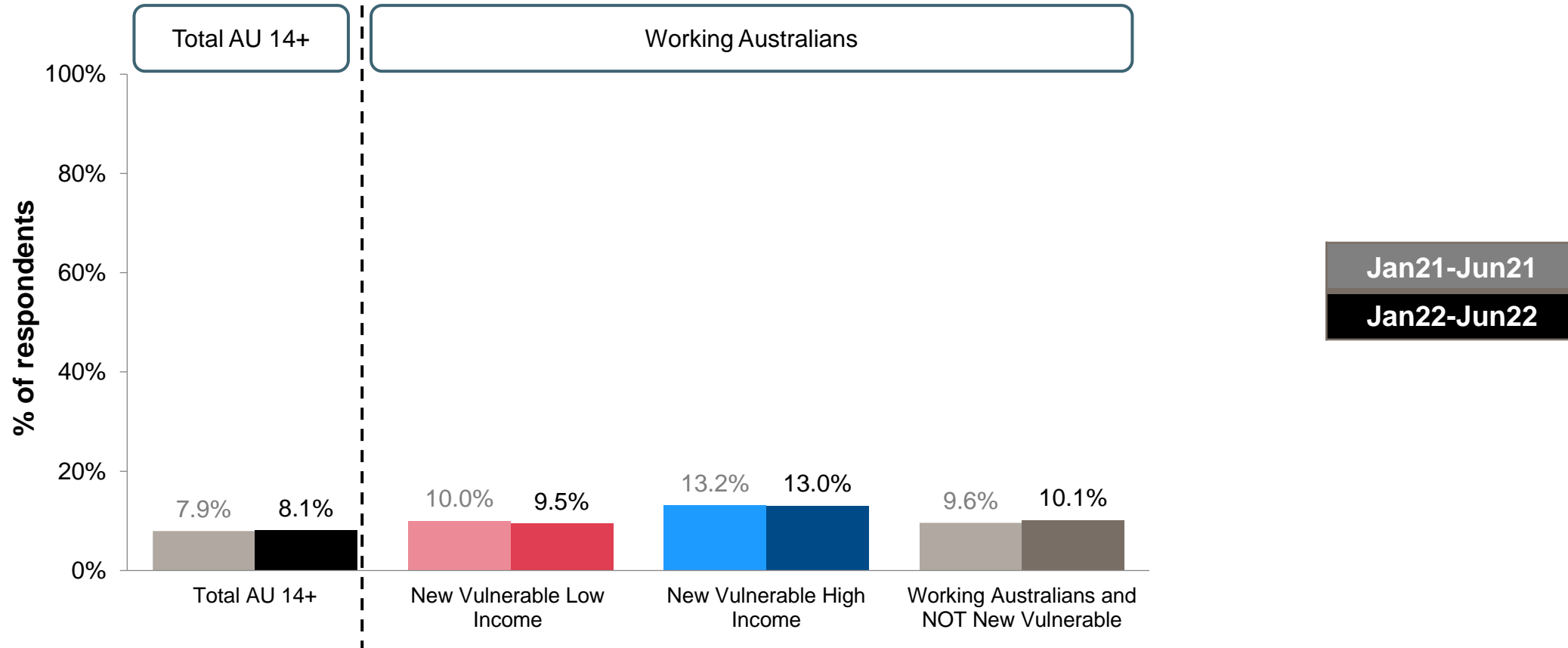
Bought goods on interest free terms in the last 3 months



Source: Roy Morgan survey of Australians, Jun-21 vs. Jun-22, 6mma results
 Base: All Australians 14+

Personal Loan product penetration has held relatively stable over the past year

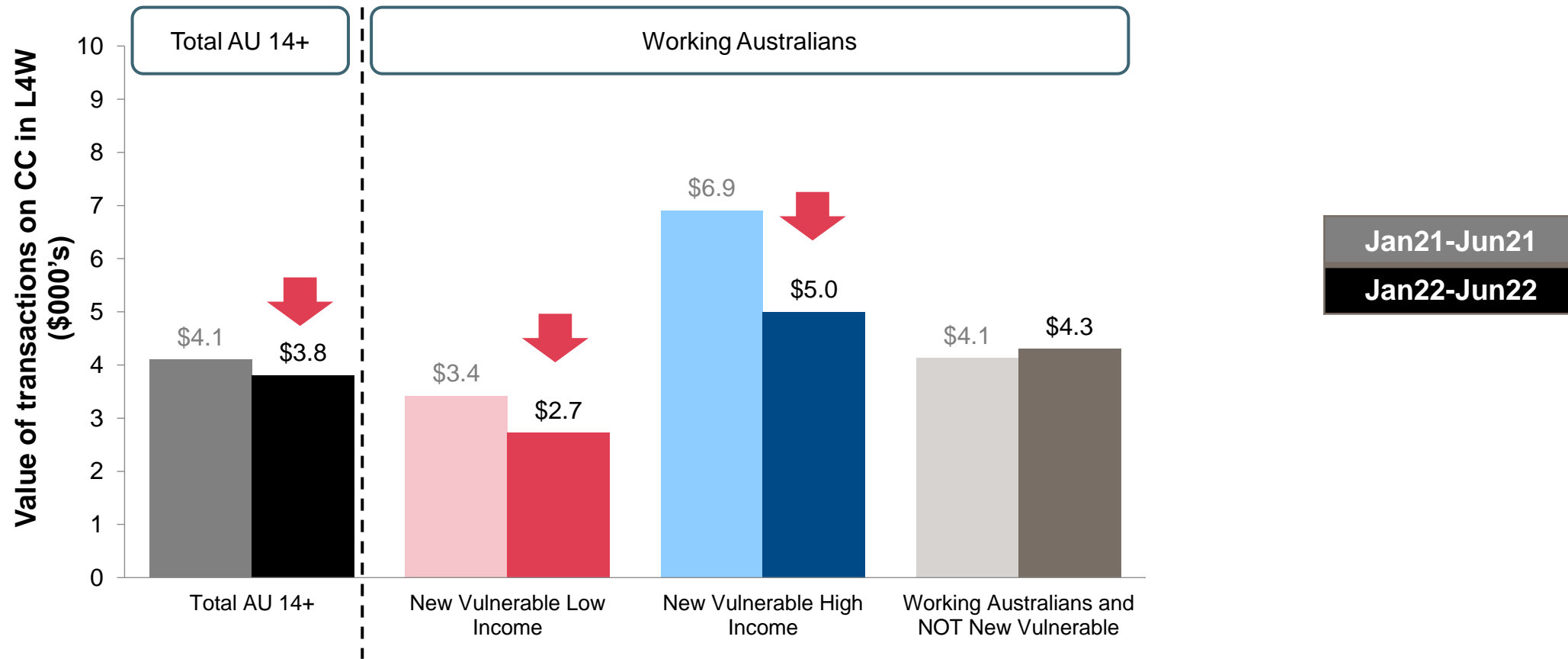
Product Holdings: Personal Loan



Source: Roy Morgan survey of Australians, Jun-21 vs. Jun-22, 6mma results
Base: All Australians 14+

YoY average monthly credit card spend trended downward for both “New Vulnerable” groups, but not for other working Australians

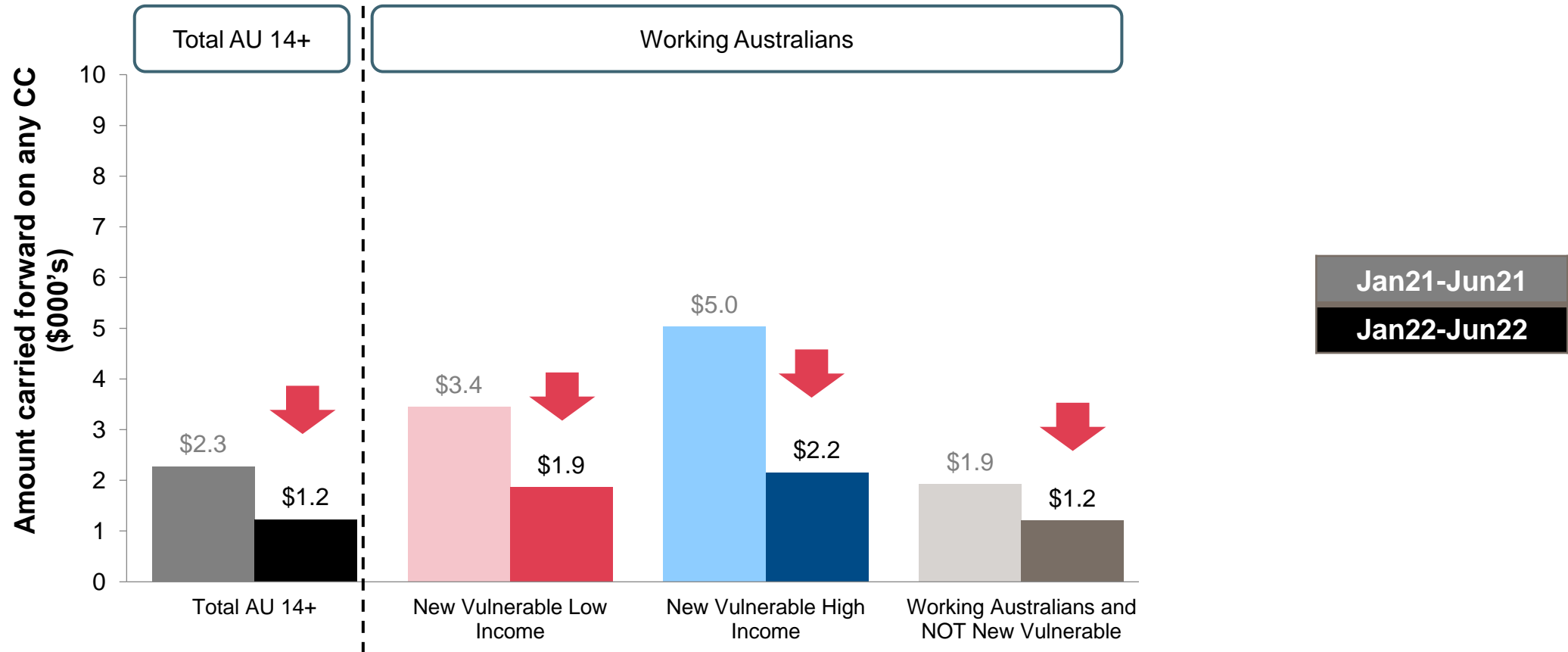
Value of transactions on any credit card in the last four weeks (mean in 000's)



Source: Roy Morgan survey of Australians, Jun-21 vs. Jun-22, 6mma results
Base: All Australians 14+ who hold at least one credit card

YoY average credit card amount carried forward fell across all groups

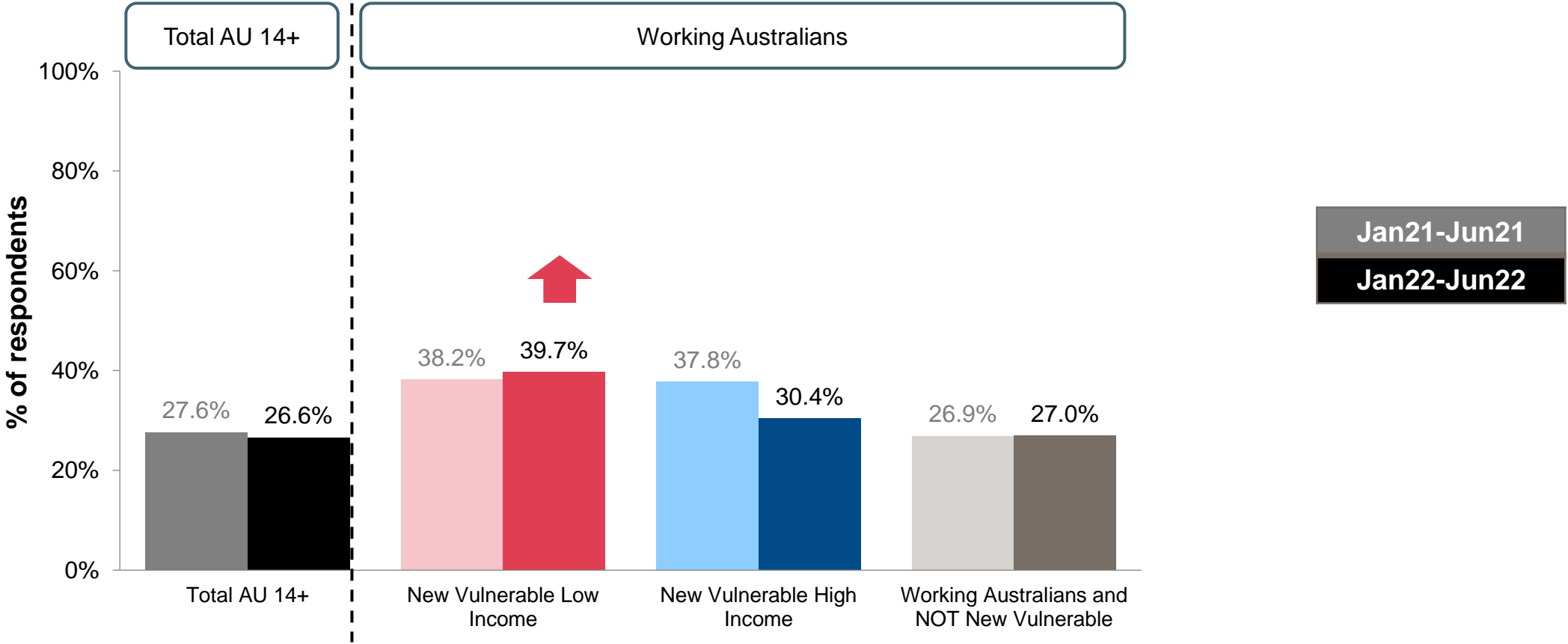
Amount carried forward on any Credit Card (mean in 000's)



Source: Roy Morgan survey of Australians, Jun-21 vs. Jun-22, 6mma results
Base: All Australians 14+ who hold at least one credit card

“New Vulnerable Low Income” group most likely to be Revolvers, and the only group increasingly so, YoY.

Proportion of Credit Card Holders who are Revolvers (i.e. carry a balance forward)



Source: Roy Morgan survey of Australians, Jun-21 vs. Jun-22, 6mma results
Base: All Australians 14+ who hold at least one credit card

Final Thoughts



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Final Thoughts

- While the percentage of the population that are “New Vulnerable Low Income” has declined by about 20% since late 2020 coinciding with the strong job market, there was a temporary lift following the renewed lockdowns in the second half of 2021
- A major factor behind the temporary lift in the second half of 2021 is that “New Vulnerable Low Income” work in industries more affected by lockdowns – retail and recreation
- Despite the fall in the proportion of the population since late 2020 who are “New Vulnerable Low Income”, some of this group are feeling greater pressure, evidenced by fewer feeling financially stable, and an increasing proportion carrying credit card balances forward.

Final Thoughts (cont.)

- “New Vulnerable Low Income” are more likely to be:
 - renters
 - part-time employees
 - women
 - young
 - single with children

- Initiatives assisting these groups may reduce vulnerability, for example:
 - Loaning bond money to renters
 - Assisting renters with documentation and references
 - Encouraging permanent part-time rather than casual part-time employment among both employers and employees
 - Encouraging flexible workplaces to facilitate life/work balance, thus benefitting families, including single mothers

Thank You



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