

A man and a woman are sitting at a table in a kitchen, looking at a document together. The man is on the left, wearing a grey polo shirt, and the woman is on the right, wearing an orange tank top. They are both looking intently at the paper. In the background, there is a chalkboard with the word 'Love' written on it, and a window showing a view of the outdoors. The overall atmosphere is warm and collaborative.

Australian Household Threshold Report

A snapshot of Australians' financial health
and ability to meet unexpected costs

Based on research from Antenna Strategic Insights

QuickFee.



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Many Australians are facing financial stress, worrying about large and unexpected bills, and thinking about the need for more flexible payment options.

While there are payment methods that provide consumers with availability to meet their wants, such as some new clothes, there is also a need for solutions that cover higher value costs and help mitigate their impact on household budgets.

To help address these issues, we are now offering QPay Plan, which uses people's existing credit cards, so doesn't create extra credit or require a new credit check. It allows consumers to utilise flexible payment plans over four, six, nine or 12 cost-free instalments, and there is also an option for qualified homeowners to pay via debit cards as well.

These options reduce the likelihood of overdue payments and help people avoid late fee penalties by having less to pay at once on their credit cards.

Bruce Coombes, Managing Director QuickFee Australia

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Introduction

This Australian Household Threshold Report has been produced to understand how well the average household is placed to meet expensive, unexpected but essential bills at a time of economic uncertainty and a changing payments landscape.

Whether it is for emergency plumbing, a vet bill or surprise dental costs, the report explores the impact such costs have and people's ability to meet them.

The research was based on a survey of more than 1,000 Australian households by Antenna Strategic Insights, for payments and funding solutions company QuickFee.

The survey explored individuals' capacity to make unexpected large payments, how they would meet these bills, the effect of various dollar thresholds, and other related issues.

Snapshot of Key Data Insights

59%

Struggle to pay up to \$2,000 without stretching the household budget

72%

Face difficulty paying more than \$5,000 without stretching their budget

53%

Would like to use BNPL services for unexpected expenses

21%

Will often forgo something due to lack of disposable cash

39%

Incur interest on credit cards

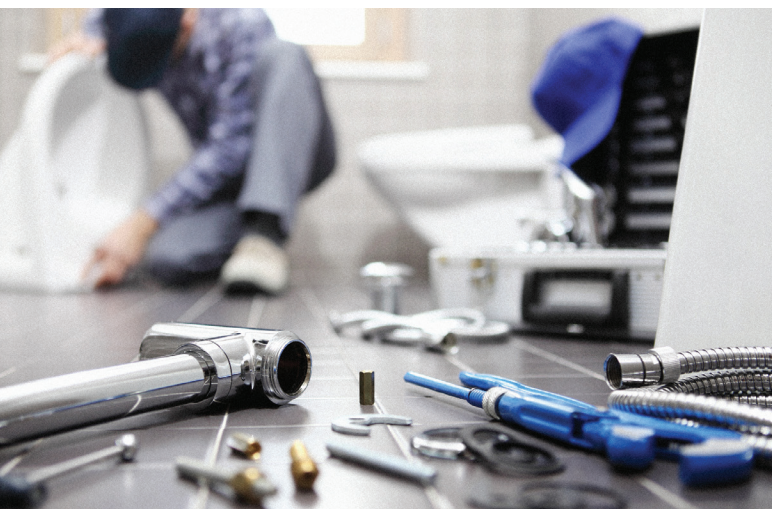
52%

Prefer paying by credit card

Executive Summary

The survey found that many Australian households are not adequately prepared to deal with the financial challenges caused by unexpected costs, and paying out-of-pocket bills in a single payment can be a significant burden for many families.

More than 60% of households are concerned about being able to pay an unexpected bill at once, with more than 30% being significantly worried about their ability to meet such expenses. For 18 to 34-year-olds, 50% are significantly worried about funding an unexpected bill.



When presented with an unexpected expense over \$1,500 for necessary services such as urgent home and vehicle repairs or dental work, 45% of Australians said they would have to stretch their budget to afford it.

And an extra \$500 would impose a strain on almost 60% of households, who would struggle to pay a surprise payment of more than \$2,000 without impacting their household budget.

Furthermore, only around a quarter (28%) of households would be able to handle an unexpected \$5,000 expenditure without extending their household budget.

At the other end of the scale, while an unexpected bill of over \$1,000 would be feasible for most, 32% of households would not be in a position to pay it without placing themselves under some financial stress.

Beyond investigating household financial resources, the survey also revealed what people thought about the impact of surprise bills.

Almost two thirds of homeowners (62%) were worried about their financial capacity to pay an unexpected cost, while 16% were very or extremely worried.

The research also found almost half (46%) of Australian households occasionally forgo something they really want due to having a lack of disposable cash, with one

in five Australians saying they often forgo something. Seven per cent say they forgo something all the time, while 26% never do.

When it came to actually making these payments, the survey indicated that the majority of Australians (52%) would use their credit card to handle the unexpected cost, while 32% would choose a debit card. Interestingly, those preferring credit card payment skewed towards a higher age demographic, proving especially popular among those over 35 (59%), while debit cards skewed younger, with 56% of 18 to 34-year-olds favouring them.

Eight per cent would opt for a Buy Now Pay Later solution, with 2% turning to payday lenders and banks for personal loans.

The findings showed that more than a third (39%) of homeowners incur interest on their credit card payments at least once a year, with 16% incurring interest on their credit cards monthly. Of those incurring interest, 50% were in the 18-34 bracket and 46% were in the 35-54 age bracket.



Commentary

The survey clearly shows the financial pressures on Australian households in the current environment, with unexpected bills a genuine cause for concern.

These worries have no doubt been exacerbated by the COVID pandemic, job security issues, and perhaps more recently, inflation concerns.

The breakdown of the different amounts' households would struggle to pay at once shows how even additional \$500 increments impact growing numbers of people.

There seems to be a significant threshold between \$1,500 and \$2,000, marking the point at which the population is divided roughly in half regarding those who would struggle to pay a surprise cost at this level, and those who would not.

This data point suggests that financial services providers should be aware of the need in the market for solutions to meet these costs. On this topic, the survey showed that credit cards remained the most popular payment method, especially among the older generations, while debit cards held a steady second place, with increased popularity among younger cohorts.

BNPL solutions continue to grow in popularity, with people wanting to see solutions for larger, unexpected costs – especially among younger demographics whose financial worries are more elevated. This demand is probably due to the growing familiarity with BNPL solutions currently in market from a range of providers, and a growing network of merchants offering BNPL.

It seems clear that with over 70% of younger generations wanting to use BNPL solutions to pay surprise bills, there is greater scope to expand these services beyond their traditional retail reach.

From the coalface: Jayson Walker, CEO Tribel Advisory



Jayson Walker is CEO of financial planning firm Tribel Advisory, and a wealth management expert with over 20 years' experience working with individuals and families to support their financial wellbeing.

He says that for a large number of Australians, financial stress is very real and affects many other aspects of life, such as their overall mental and physical health.

This stress is often caused due to circumstances beyond people's control, such as the widening gap between incomes and cost of living, rather than simply frivolous spending, which is why people should take practical steps to managing their money.

"Financial stress is toxic and can ruin people's lives, and unexpected bills are definitely a contributing factor to that. Sometimes things happen that cost money, so it's best for people to educate themselves about their options and budget as best they can, even in the face of the unknown.

"Paying by instalments can make sense because you are avoiding handing over a lump sum in the first instance, and benefitting from the predictability of the monthly payments that follow.

"With around one in three Australians experiencing significant financial stress, I would strongly encourage people to use all the tools and information out there to teach themselves about the choices open to them. This will help them make the right decisions, manage repayments responsibly, and not let any worries about sudden bills or nasty surprises get out of hand."

Find out more about Tribel Advisory here: <https://tribeladvisory.com.au>

Detailed Findings

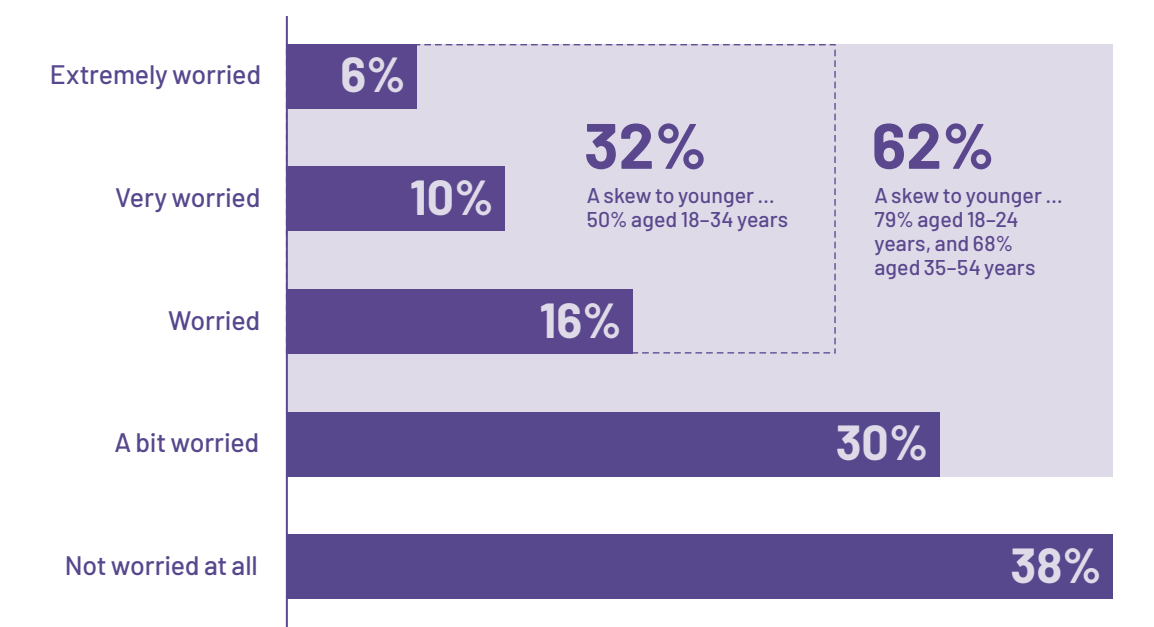
Financial capacity to pay unexpected expenses

Most households are concerned about their capacity to pay a sudden, unexpected expense or bill, with more than half of homeowners (62%) saying they were worried about their ability to meet the expense.

The younger generations – particularly those aged between 18 and 34 – understandably have a higher level of concern than older generations, with 79% worried to some extent. Only 47% of those aged 55 and over were concerned.

When looking at the data from a state perspective, people from the Northern Territory and ACT were least worried, with 45% reporting they were not worried at all. Victoria had the most residents that were either extremely worried or very worried, with one in five expressing significant concern.

How worried would you be about being able to pay an unexpected expense or bill?



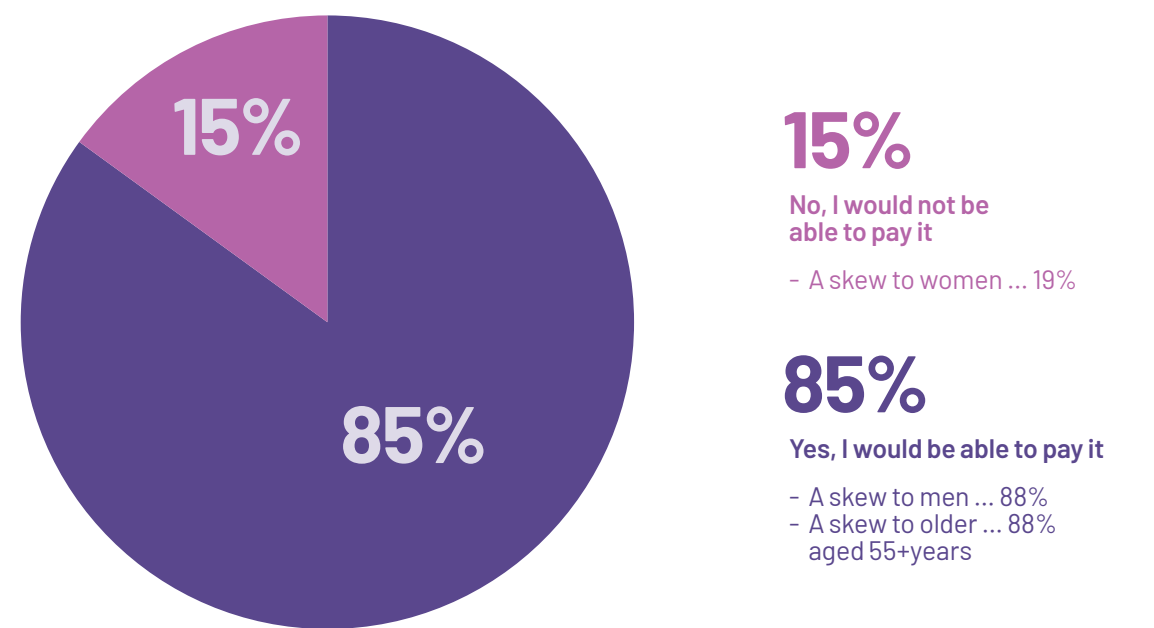
Meeting unexpected costs up to \$1,000

When it came to paying an unexpected cost up to \$1,000, most Australians would be able to do so. Around one in seven (15%) said they would be unable to meet such a cost, with a greater percentage coming from the 18 to 34 age group (one in five).

South Australia had a greater proportion of residents who would not be able to meet an unexpected \$1,000 cost (18%), while the residents of NT and ACT were more likely to be able to meet it, with only around one in 10 unable to pay the amount.

While 15% would be unable to pay an unexpected bill up to \$1,000, a further 17% said they would struggle to easily meet such an unplanned bill.

Would you be able to pay an unexpected bill of up to \$1,000?



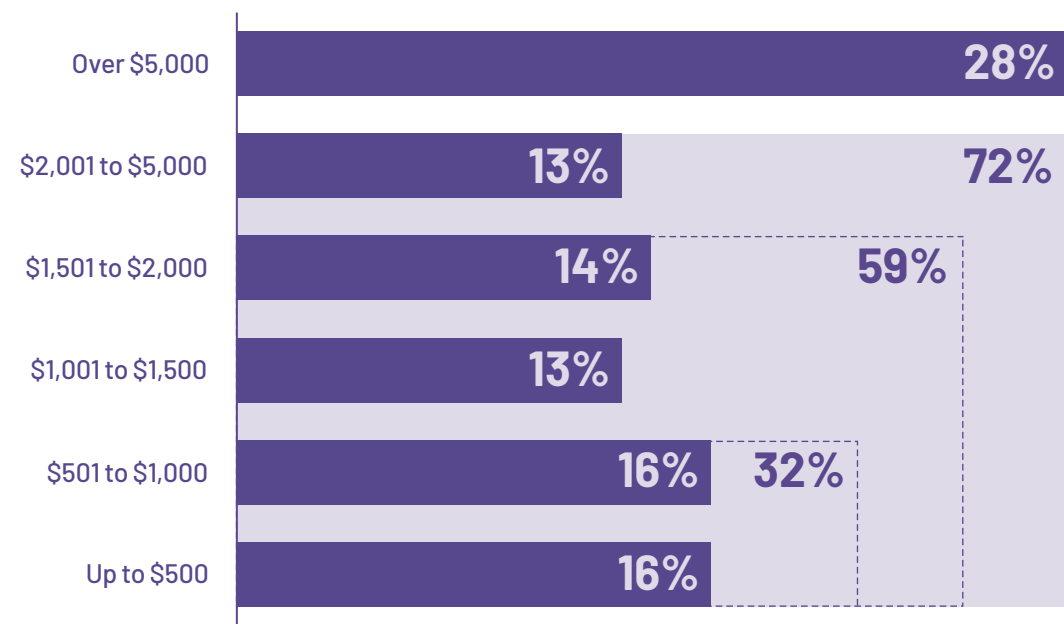
A \$5,000 unexpected bill would break the threshold for most people

Almost seven in 10 Australian households would not be able to pay for unexpected expenses more than \$5,000 in a lump sum payment, while 28% would be able to do so without straining their household budget.

Among the older generation – particularly the 55+ age group – six in 10 would easily pay up to \$5,000 without stretching the household budget, while 32% would struggle to maintain it. In comparison, only 13% of the younger generation would be able to pay that amount.

When compared to statistics from other Australian states and territories, three-quarters of South Australians would easily achieve the \$5,000 threshold.

What is your threshold bill amount you could easily pay in a lump sum without stretching your budget?



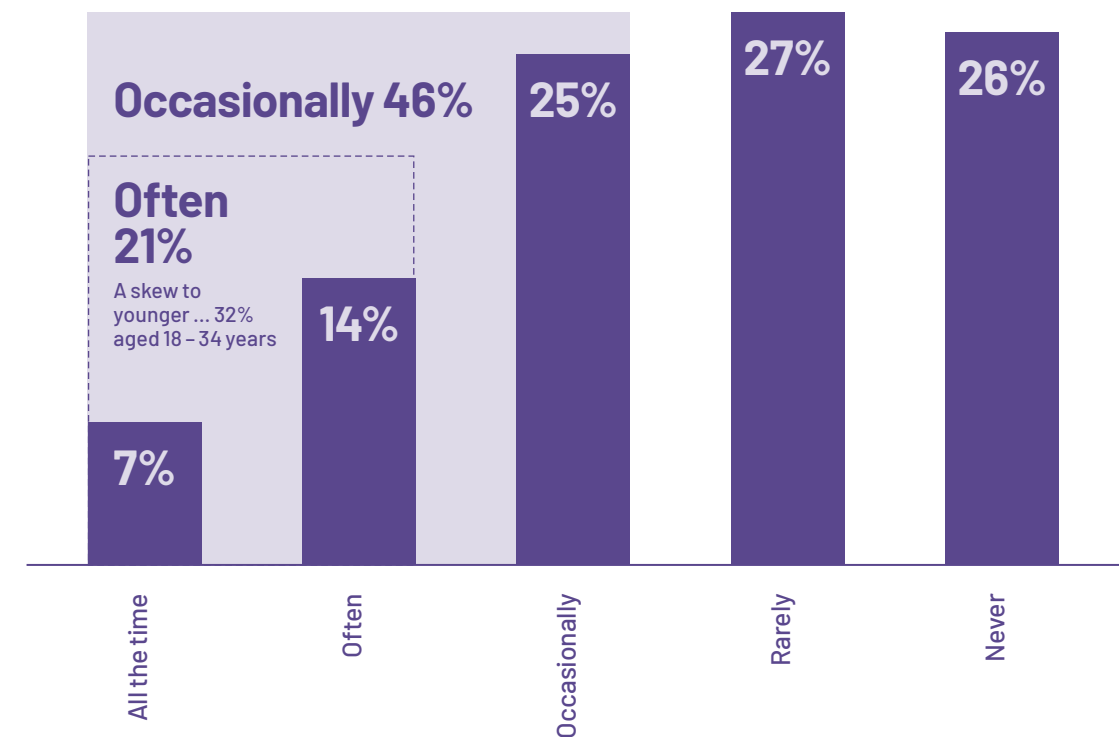
Opting not to purchase something due to lack of disposable cash

Due to a lack of disposable cash, just over one fifth (21%) of Australians indicated they would frequently forego purchasing what they really want, with nearly half (46%) occasionally skipping it.

A third (33%) of 18 to 34-year-olds would occasionally put off purchases, while the older generation, predominantly the 55+ year age group, could easily purchase what they want.

In contrast to the other states, Queensland had around one in seven (15 per cent) residents who would frequently be unable to purchase, and South Australia had one in 10 individuals who would constantly forego purchases owing to inadequate disposable cash.

How often do you have to forgo purchasing something you really want due to a lack of disposable cash?



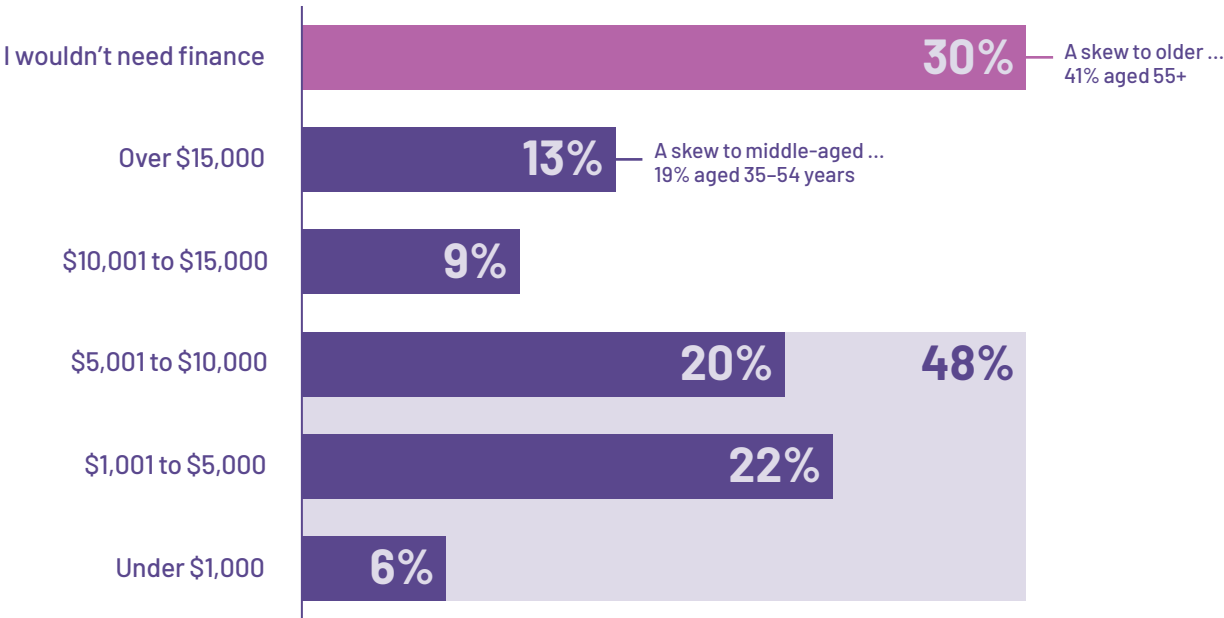
Financial assistance to pay for home improvements

When asked how much they thought they would need to finance if they were to undertake home improvements, more than two-thirds of Australian households said they would require financial assistance, with nearly half (48%) needing funding assistance under \$10,000.

Of the younger generation, those between 18 and 34, 26% would need financial assistance for home improvements and renovations up to \$10,000, whereas 41% those aged 55 and over would not need any support.

Looking at regional variations, South Australia had the largest proportion of residents (32%) who wanted to make home improvements but would not be able to do without financial help over \$1,000, while the residents of Queensland were more likely to be able to meet up to \$15,000, with only around (7%) unable to pay over that amount.

If you were to undertake home improvements, how much do you think you would need to finance?



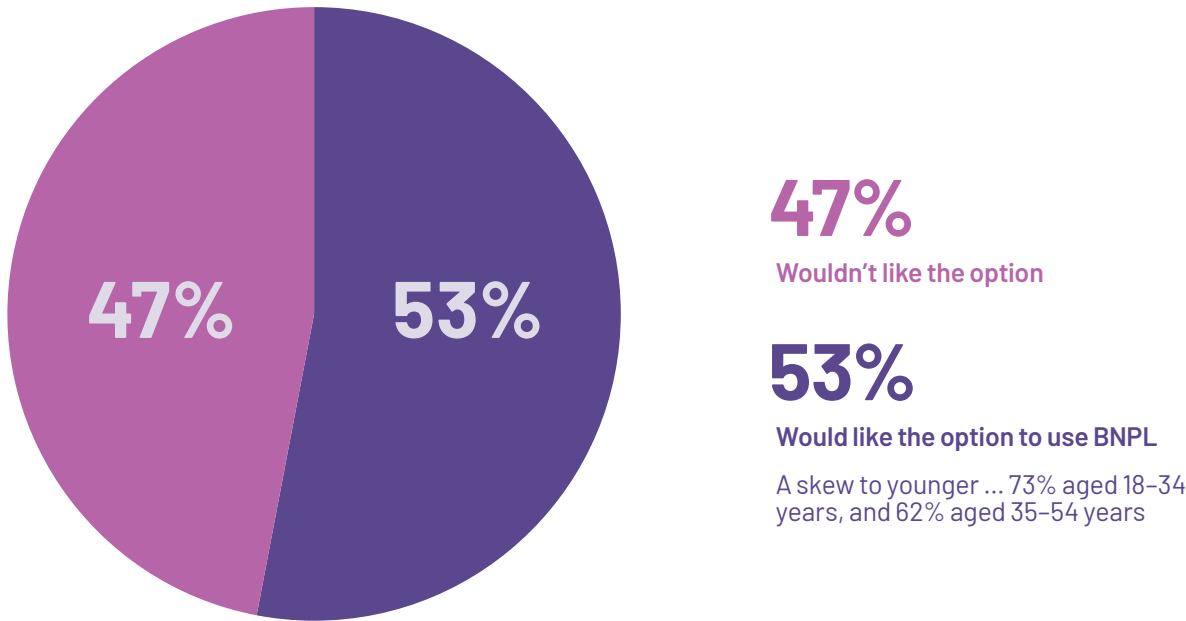
BNPL wanted for unexpected but necessary expenses

More than half of Australian households (53%) would like to use Buy Now Pay Later solutions for unexpected, expensive and necessary expenses.

When comparing age groups, those aged 18 to 34 were noticeably more likely to want BNPL, while almost half (47%) of the older generation constituting the 55+ age group would prefer not to.

Almost everywhere in Australia, more than half of residents from different states would be ready to use BNPL services to make unexpected but necessary payments.

Would you like the option to use Buy Now Pay Later on unexpected, expensive, and necessary expenses?



Top unforeseen expenses for BNPL

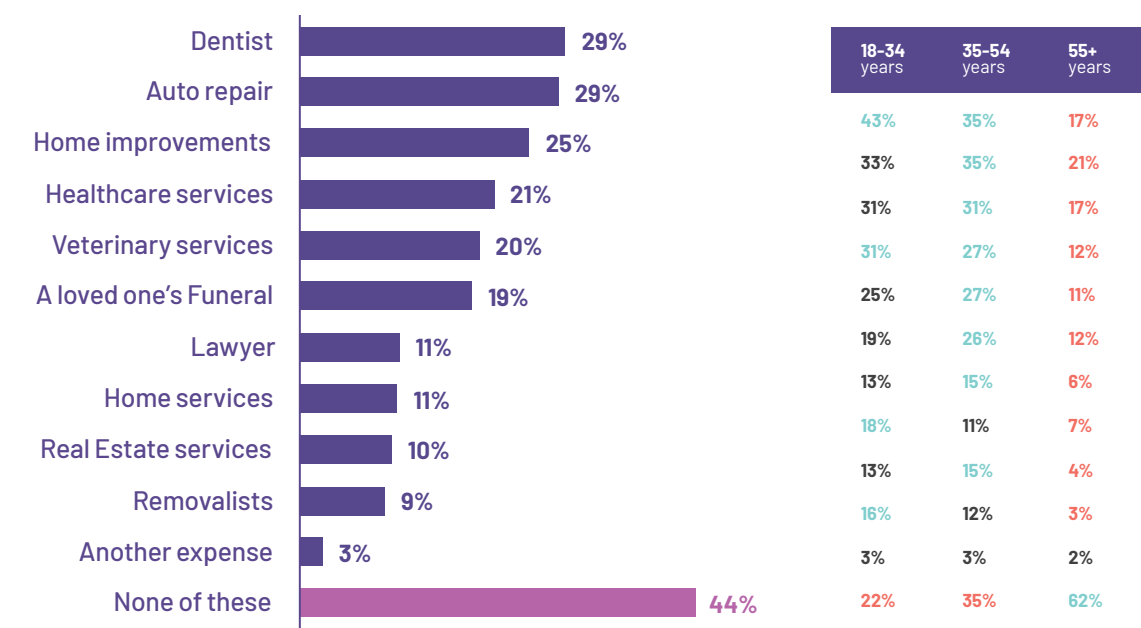
The majority of Australians said they would use BNPL for unexpected costs, with dentistry and auto repair topping the list (both 29%), followed by home improvements (25%), healthcare services (21%) and veterinary services (20%).

While dentistry remains the favourite choice of the younger generation, primarily those aged 18 to 34, the highest preference for those aged 55 and above was auto repairs (21%), with just 4% interested in real estate services.

NT and ACT had a greater proportion of residents (42%) who would use BNPL services for auto repairs.

More than half (52%) of residents of South Australia would be unlikely to use BNPL in general.

Which expenses would you like to use Buy Now Pay Later services for?

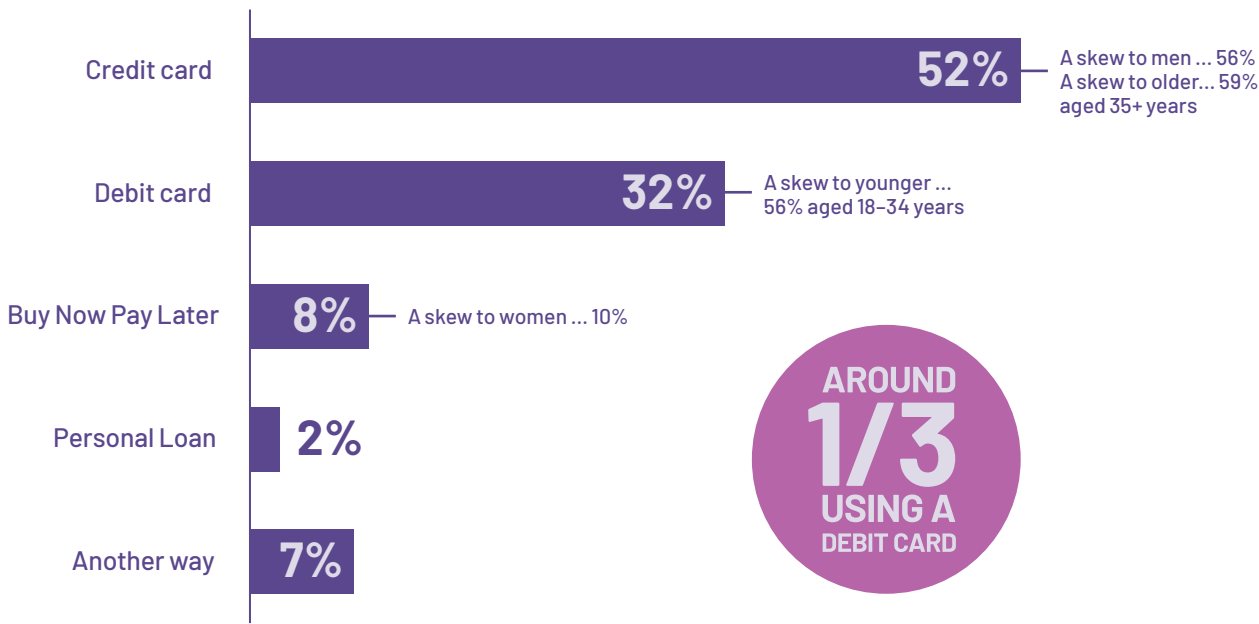


Preferred mode of payment for unexpected bills

When it came to choosing the preferred mode of payment for paying unexpected bills, more than half (52%) said they would use a credit card. In contrast, around one third (32%) stated they would use a debit card.

For unexpected expenses, women favour BNPL services slightly more than men. The younger generation, particularly those aged 18 to 34, prefer to use a debit card as their first choice of payment method, while one in 10 prefer to pay bills and unexpected expenses with BNPL.

What mode of payment would you choose to pay, if presented with an unexpected bill?



Methodology

The research was conducted to gather Australians’ perspectives on out-of-pocket payment limits for unexpected expenditures and consequent financial burdens. This report is based on a comprehensive market study based on an online survey completed in late December 2021 with a detailed set of questions. The survey data was collected from a nationwide sample of Australian homeowners aged 18 and up residing in all Australian states and territories, with respondents sourced using an accredited online research access panel.

A total of 1,016 nationally representative samples were gathered for the survey, with an overall margin of sampling error of +/- 3 percentage points, adjusted for sample design effects. Data were weighted in order to be representative of the 2016 Australian census.



About QuickFee

QuickFee Limited (ASX: QFE) is a fast-growing financial technology company providing an innovative suite of online payment solutions and loan origination offerings to professional, commercial, and personal services providers, helping customers access the advice and services they need, with the choice to pay now or over time.

QuickFee’s fully integrated online payment platform and financing solutions enable merchants to accept payments by card, EFT/ACH, payment plan, or a ‘buy now, pay later’ instalment plan.

QuickFee currently operates in the United States and Australia. For more information, visit quickfee.com.au.

Our Approach

QuickFee.