

Fox Symes Media Coverage

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Personal debt a major worry

By Jim Dickins AUSTRALIANS are becoming financially conservative amid rising interest rates and a higher cost of living.

Research indicates borrowers are increasingly anxious about personal debt and are trying to save more for a rainy day.

Figures show Australians are making larger repayments on their credit cards to reduce the balance.

The credit habit remains hard to kick, though, with signs they are also spending more. The average credit repayment increased by \$49 over the month, while the average card balance increased by \$9.

Research conducted by Newspoll for the credit-advice firm **Fox Symes** shows almost a quarter of adult Australians believe their financial situation has worsened recently.

These findings come after two increases in official interest rates so far this year, with a third expected after the next Reserve Bank board meeting on Melbourne Cup day.

An overwhelming majority (92 per cent) of those surveyed by Newspoll thought household debt was a significant problem for Australia.

Meanwhile, polling conducted by the Commonwealth Bank has found most consumers are trying to save more, and almost half think their financial situation will become more challenging in the near future.

CommSec chief economist Craig James says a more cautious mood is emerging, in contrast to the recent blase attitude.

"The new era of consumer conservatism certainly stands in contrast to the high-spending periods of the past," James says.

"It's interesting that unemployment is at a 30-year low and job security is super-strong, but that isn't being reflected in people's confidence levels about their finances.

"Australia hasn't experienced a recession for 15 years, but this research highlights that consumers remain keen to maintain a safety buffer of savings and are determined to save more money, not less, in the future."

Although petrol prices have fallen recently, a long-term increase in fuel has left its mark, along with increased prices for everyday essentials such as fresh fruit and vegetables.

The Commonwealth Bank's research shows most people (68 per cent) want to cut back on luxury items in order to save more and increase their financial security.

Good intentions are hard to follow, however, with separate research showing a fall in the actual rate of saving and an increase in debt during the September quarter.

The ING-Melbourne Institute Household Savings report also found more households were just

scraping by financially.

Just over 35 per cent said they were simply ``managing to make ends meet'', up from 32.4 per cent in that category during the previous quarter.
