



finder.com.au
State of the Credit Card
Market Report

Credit cards are a big deal in Australia - but just how big?

The finder.com.au team has crunched the numbers to show exactly how Australians are using their credit cards.



Introduction

Credit cards are a big deal in Australia, but just how big?

This report is an overview of the credit card market in Australia in 2017 and the changes to come in 2018. The report combines data and trends from the Reserve Bank of Australia (RBA) and the Australian Bureau of Statistics (ABS) as well as insights from finder.com.au's regular consumer surveys, each of which draws from a nationwide sample of over 2,000 respondents. The report also includes analyses of figures from the Reserve Bank and the Australian Bureau of Statistics as well as summaries of the key trends that drove credit card usage in 2017.

finder.com.au hopes everyone reading this can learn a little more about Australian consumers and their spending habits as well as get a better understanding of credit card products and the state of the market.

For more information, email us at aupr@finder.com.
To view press releases, visit finder.com.au/media

About finder.com.au: More than 3 million Australians turn to finder.com.au every month to save money, time and make important life choices. We compare virtually everything – 50+ product categories including credit cards, phone plans, health insurance, travel deals and much more.

Our free service is 100% independently owned by two Australians: Fred Schebesta and Frank Restuccia. Since launching in 2006, we've helped our users make more than 17 million decisions.

We continue to expand and launch around the globe and are now operating in 10 countries: Australia, New Zealand, the UK, Hong Kong, the US, Canada, Mexico, Chile, Singapore and Spain. We have offices in Sydney (HQ), the UK, U.S, Poland, and the Philippines. For further information visit www.finder.com.au.



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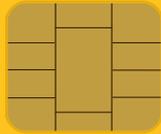
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Part one:

State of the credit card market



16 694 597

CARDS IN AUSTRALIA

0.9

PER ADULT

8,298

ADDED 2017



There were **16,694,597** credit cards in Australia in 2017

2,779,225

cards added
since 2007

8,298

cards added
in 2017

0.9

credit cards per adult

How many credit cards do Australians have?

There were 16,694,597 credit cards in Australia by the end of 2017, with 8,298 extra cards added to the market through the year. There were 2,779,225 more credit cards in circulation in December 2017 than there were ten years ago. This is roughly one card (0.9) per adult. This statistic has held steady since August 2006, but was a lot lower (0.6 cards per adult) twenty years ago (December 1997).



Australians are getting better at paying off their debt

How much do we spend?

Australians made 2.7 billion purchases on credit cards in 2017, spending a total of \$315.6 billion. This is up from 2.5 billion purchases and a \$302.8 billion spend in 2016. The value of the average purchase has fallen from a high of \$152 in August 2008 to \$112 in December 2017, with Aussies spending \$1,573 per month on average in 2017.

The average credit card balance currently stands at \$3,170 with \$1,903 of the balance costing the cardholder interest. However, Australians are getting better at paying off their debt as the average balance accruing interest is down significantly from \$2,471 in April 2012.

\$117

average purchase in 2017

\$1,573

average spend per month

\$3,170

average credit card balance

We paid more off in 2017 than ever before

\$1,604

2015 average monthly repayment

\$1,626

2016 average monthly repayment

\$1,700

2017 average monthly repayment

Australians paid \$341 billion off their credit cards in 2017, with an average repayment of \$1,700 per month. This is the highest amount ever paid off in one 12-month period. The average amount paid off per month hit an all-time high of \$1,811 in May 2017.



We use about a third of our credit limit

\$152.7 billion

total credit limit

\$9,149

per card

35%/\$3,170

reached on average

Your card's extra features make a big difference in the fees you pay

16.97%

the average credit card interest rate

\$1,903

the average balance accruing interest

19.60%

the average credit card cash advance rate

\$174

average amount paid in interest a year

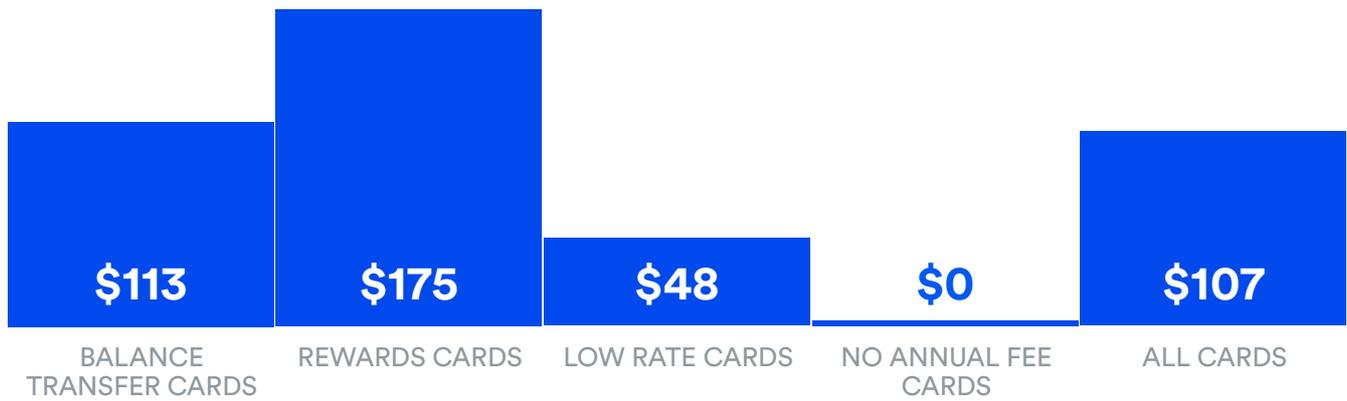
The average credit card interest rate fluctuates from month to month, but is around 17%. Based on the average balance of \$1,903 accruing interest, a cardholder would pay \$174 in interest if they paid off their balance in just one year.

However, the purchase rate varies hugely depending on the type of card. Rewards cards usually have a higher interest rate, close to 20%, while low rate cards are available with an average interest rate of 12.28%. Fees also vary depending on card type.



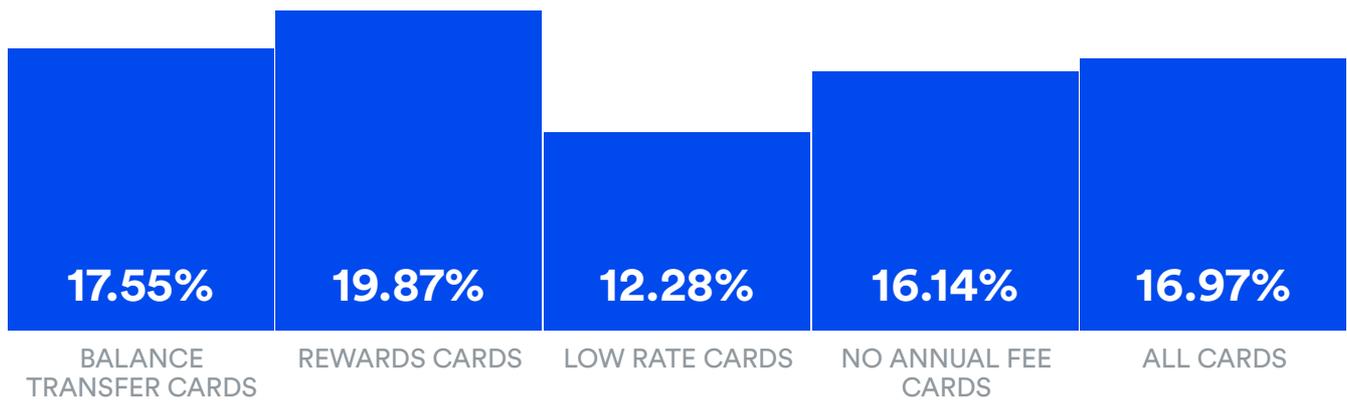
Average annual fee

What is the average annual fee for each type of card?



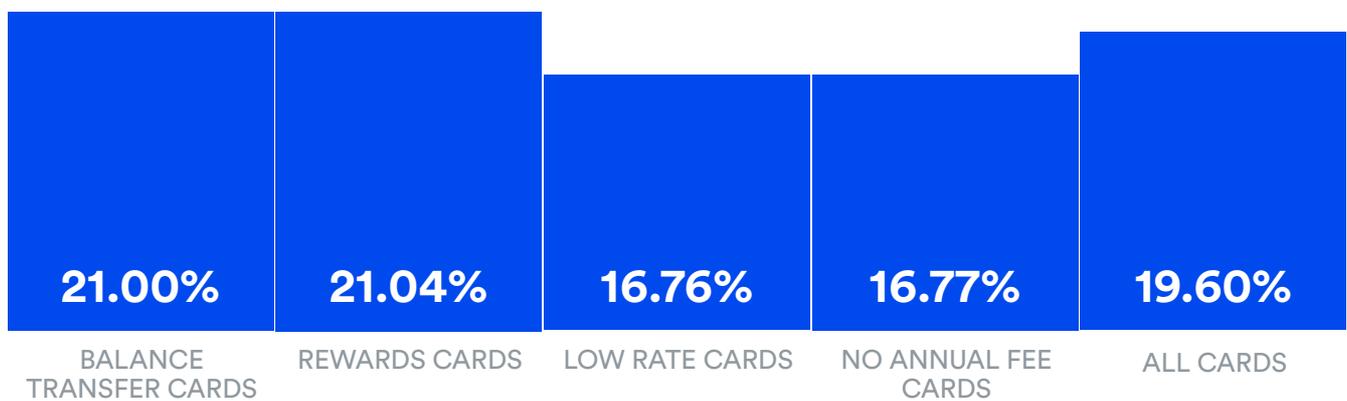
Average purchase rate

What is the average purchase rate for each type of card?



Average cash advance purchase rate

What is the cash advance purchase rate for each type of card?



Taking out cash on your card will cost you, but Aussies are **doing it less than ever**

\$389

average cash advance transaction for 12 months

May

is the most popular month for cash advances



How many Australians are taking cash out on credit cards?

Withdrawing cash from an ATM with a credit card is an expensive way to access quick funds as most credit card users will be charged a 2-3% cash advance fee and start paying interest at a higher rate as soon as their cash is withdrawn.

Gambling, purchasing travellers cheques and money orders, purchasing store value cards (such as gift cards), paying bank bills and making BPAY payments can also be considered cash advances when processed via credit card.

24,058,786

cash advances processed in Australia in 2017

1.13 million

fewer cash advances than the prior twelve months

\$9.3 billion

total amount of cash advances in 2017

Cash advances on credit cards totalled \$9.3 billion in 2017, with the average cash advance transaction over 12 months being \$389. 24,058,786 cash advances were processed in 2017. This is down 1.13 million on the previous 12 months.

The most popular month for cash advances was May when 2,189,153 transactions were processed. This is 1.3 million transactions less than May 2006 when 3,510,543 transactions were processed, making May 2006 the busiest month ever.

We could soon be spending more on debit cards than credit cards

46 million

debit cards
in circulation

2.8

debit cards per
credit card

2.5

debit cards
per adult

What about debit cards?

The increased availability of EFTPOS terminals has led to a huge surge in the number of debit cards on the market. There are now 46 million debit cards in circulation. That's 2.8 debit cards per credit card, and 2.5 debit cards per adult. The total value of purchases on debit cards is increasing at a faster rate than on credit cards. In fact, a finder.com.au projection of RBA data shows that debit card spending could overtake credit cards as soon as August 2018.

The increasing ease of debit card use means that Australians are using them to pay for lower value items. The average purchase on a debit card has fallen from \$66 in December 2008 to \$50 in December 2017.



Who spends more?

What is the average purchase for Visa, Mastercard and American Express?

\$104

Visa

\$104

Mastercard

\$169

American Express

The market share of American Express is shrinking

Mastercard and Visa remain the firm favourites, with these brands representing 89% of all transactions and 79% of the total value of all purchases on credit cards. The market share for American Express and Diners Club by transaction has fallen from a high of 16.0% in June 2012 to 11.3% in December 2017.

89%

of transactions made by Australians are with Visa and Mastercard

79%

of the total value of all purchases is placed on Visa and Mastercard

11%

of transactions made by Australians are with American Express and Diners Club

Welcome to the **slow death** of ATMs and cheques

How is the uptake of plastic payment affecting old-fashioned cash and cheques?

Increased usage of both credit and debit cards has led to a sharp decline in the number of Australians withdrawing cash and writing cheques. A projection of data from the RBA by finder.com.au reveals that despite many banks dropping ATM fees, ATMs could be a distant memory in Australia by 2036. The number of ATM withdrawals per month has fallen from a high of 78.4 million in December 2008 to just 51.5 million in 2017.

A similar forecast of cheque usage data from the RBA shows that cheques could disappear completely from circulation in Australia by the end of 2019.



There were 26.9 million less ATM withdrawals in December 2017 than there were 9 years ago

December 2008

78.4 million

December 2017

51.5 million

Part two:

Credit card developments in 2017

The declining value of rewards

AT A GLANCE

- ▶ **Value of credit card rewards falls**
- ▶ **Fees lowered from 1.5% to 0.8%**
- ▶ **Major banks ditch Amex and Visa/Mastercard dual card deals**

In 2017, the value of credit card rewards took a hit following the introduction of interchange fee regulations. In 2016, the RBA announced that the Australian Competition and Consumer Commission (ACCC) would have the power to regulate these fees. So, while premium rewards cards previously attracted a fee of 1.5-1.7%, this was capped at 0.8% from 1 July 2017.

As many banks used the profits from these interchange fees to fund their loyalty programs, we saw a major shift in the credit card rewards market as a result.

Many banks reduced earn rates across their reward programs, introduced tiered earn rates and lowered points caps. Some of the Big Four banks, including NAB, ANZ and Westpac, put an end to dual cards by ending their partnerships with American Express as well. However, Westpac has introduced Amex-issued cards in 2018, with four different options being offered by invitation to existing customers.

Over the time these changes were introduced, finder.com.au found that interest in American Express-issued cards skyrocketed as applications for Visa or Mastercard rewards cards fell.

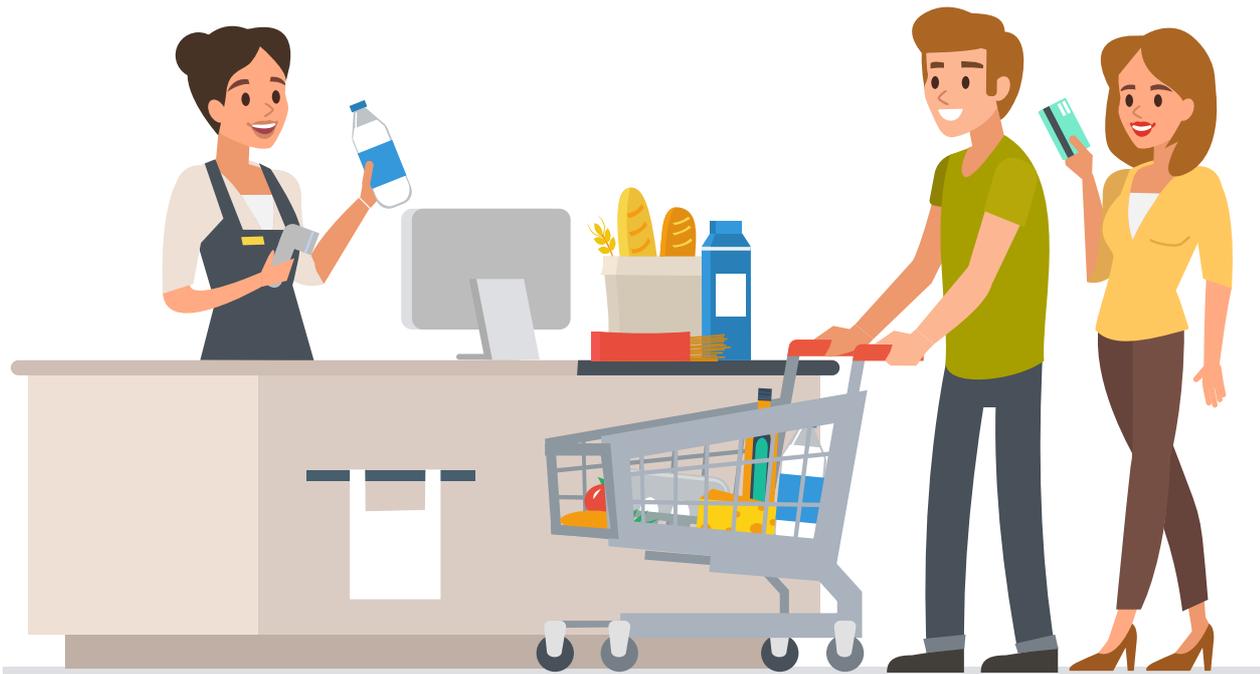
You can see the full list of banks that made changes to their rewards programs in 2017 on finder.com.au.



What is an interchange fee?

When a cardholder makes a credit card purchase, the merchant's bank pays a percentage-based fee to compensate the card issuer for the value the merchant receives when they accept the electronic payments.

The end of excessive credit card surcharges for consumers



AT A GLANCE

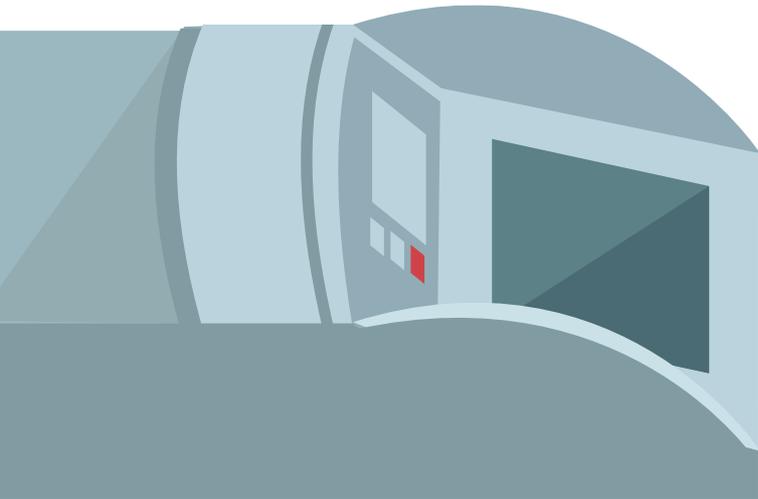
- ▶ **Businesses can no longer charge flat fees for credit card transactions**
- ▶ **Businesses can only charge what it costs to process a transaction**

2017 saw Australia say sayonara to excessive credit card surcharges for good. From 1 September 2017, small businesses could no longer charge cardholders a flat fee when accepting credit card transactions.

Enforced by the RBA and ACCC, businesses can only charge customers what it costs to process the transaction. So, if it costs 1% to process a Visa payment after bank fees and terminal costs, the merchant can only charge the customer a fee of 1%. If small businesses fail to comply with the new rules, they can be fined between \$10,800 and \$108,000 by the ACCC.

This regulation was first applied to large businesses in September 2016.

The war over contactless payments



AT A GLANCE

- ▶ **ACCC won't let banks negotiate over Apple Pay**
- ▶ **ANZ is still the only Big Four bank offering Apple Pay**

Since Apple Pay first launched Down Under with American Express and later with ANZ in 2015, we've seen a bunch of the big banks fighting for access to the NFC chip on iPhones used for contactless payments. Not only did the banks want to take advantage of Apple Pay, but they also wanted the option to host their own contactless payment apps on Apple products.

After much to and fro between the banks and the tech giant, Commonwealth Bank, NAB and Westpac as well as Bendigo and Adelaide Bank sent a request to collectively negotiate with Apple to the ACCC. However, this request was denied in March 2017, with the ACCC claiming it would reduce competition and be damaging to consumers. Apple Pay is now supported by more than 30 card issuers in Australia, but ANZ is the only Big Four bank offering it.

0% balance transfer offers and fees



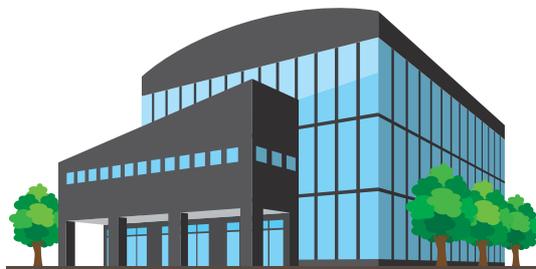
AT A GLANCE

- ▶ **0% balance transfer offers are getting longer**
- ▶ **Australians are getting better at paying off their debt**
- ▶ **Balance transfer fees have become more common**

Balance transfer credit cards have always been popular, but these debt consolidation cards have undergone some changes over the last 12 months. In January 2017, the longest interest-free balance transfer offer on the market was 0% for 24 months. Fast forward to the beginning of 2018 and we've seen 0% balance transfers for up to 30 months.

It's difficult to pinpoint exactly what's driving this trend, but we can make some assumptions based on consumer behaviour. According to finder.com.au's analysis of RBA data in 2017, Australians owed \$51.4 billion in credit card debt, with 60% of that amount collecting interest. The balance accruing interest dropped to \$31.4 billion, which was the lowest level since August 2008.

This shows Australians are taking a more proactive approach to paying off their credit card debts, which could explain why banks are resorting to longer interest-free periods to entice and retain customers.



How are banks cashing in?

Another way banks are cashing in on 0% balance transfer credit cards is through balance transfer fees. This is a one-time fee that's charged when the cardholder first transfers their balance and is usually 1-3% of their total balance.

1.9 million

balance transfers carried out every year

1 in 5

Australians (20%) have completed a balance transfer in the past

\$5.8 billion

in credit card debt transferred annually

\$973 million

in interest saved

\$12,067

is the average balance Aussies are looking to transfer

Females

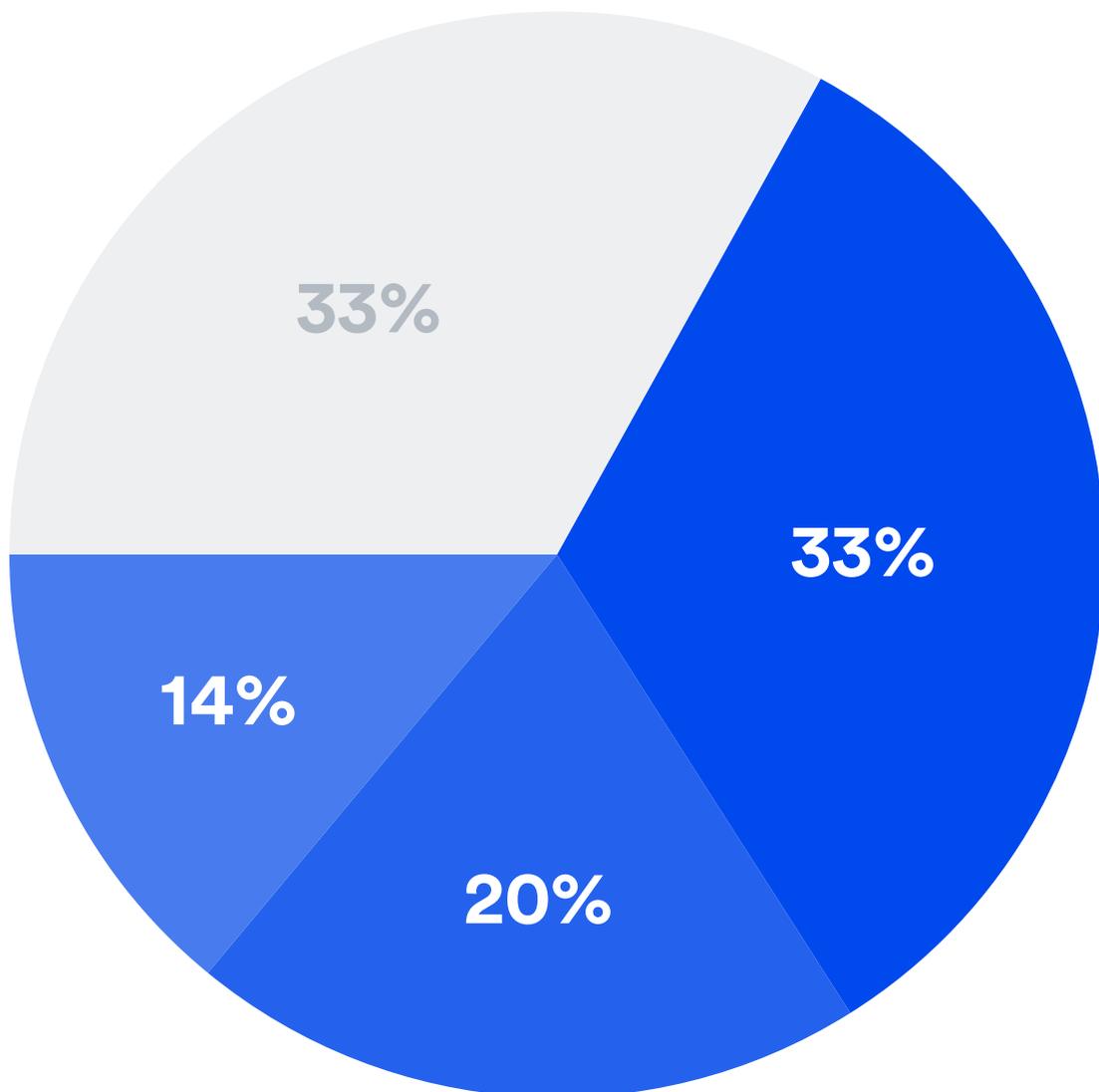
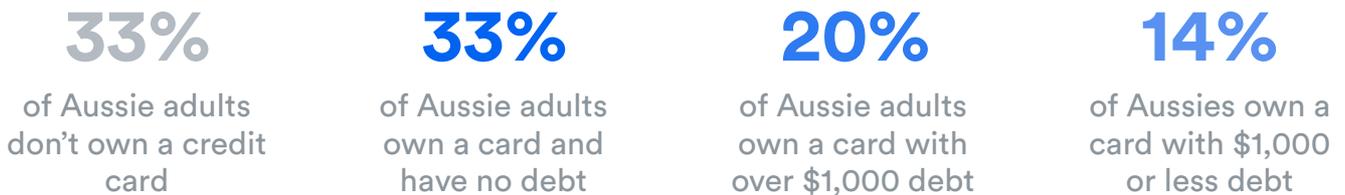
are more likely to have made a balance transfer

Part three:

How Australians use credit cards

Two-thirds of Australian adults own a credit card

While around 12.8 million Aussies own a credit card, around half of all credit card holders aren't carrying a balance on their plastic.



finder.com.au surveyed 7,014 Australian adults throughout 2017 and found that two-thirds of Australian adults own a credit card (67%).

What does the **average** credit card holder look like?

The typical credit card holder is David – a 48-year-old male from Melbourne. He owns his own home and has kids. David has private health insurance, and his average credit card debt is \$1,887.

- ▶ **48-year-old male from Melbourne**
- ▶ **Family man with his own home**
- ▶ **Average credit card debt of \$1,887**
- ▶ **Has private health insurance**
- ▶ **David is in generation X**



Credit card ownership and debt by state

Proportion 
Typical debt 

VICTORIA



QUEENSLAND



NEW SOUTH WALES



WESTERN AUSTRALIA



SOUTH AUSTRALIA



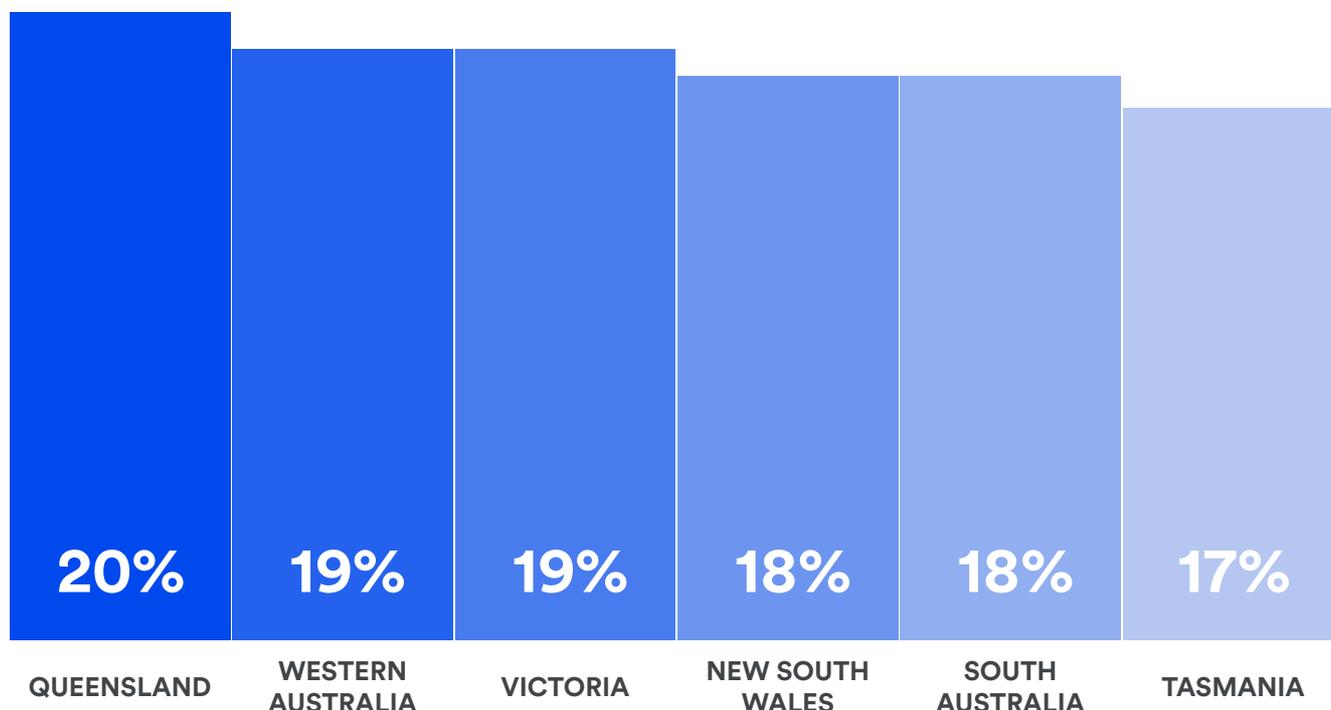
TASMANIA



*ACT and NT were excluded due to insufficient sample size.

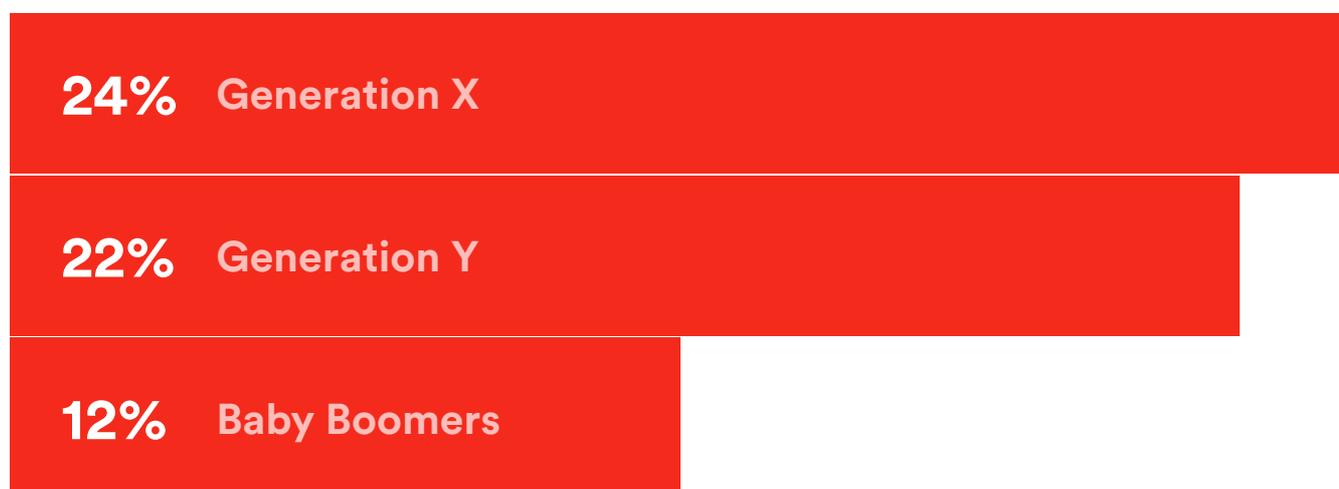
Queensland credit card holders are the most likely to have debt over \$5,000

Percentage of credit card holders with debt over \$5,000 by state.



Generation X is the cohort that is most likely to be heavily in debt, with 24% carrying over \$5,000 debt

Percentage of credit card holders with debt over \$5,000 by age.



Who are the most credit card indebted Australians?

Baby Boomers

Most responsible generation

Among those with credit cards, baby boomers (male and female) were the most responsible generation, with the majority (62%) having a clean slate and a \$0 balance accrued on their plastic.



Millennial Females

Most indebted generation and gender

However millennial females are the most indebted generation and gender. Only 36% of them carried credit cards with \$0 balance. The majority (64%) had debt on their cards, averaging around \$3,811 each.

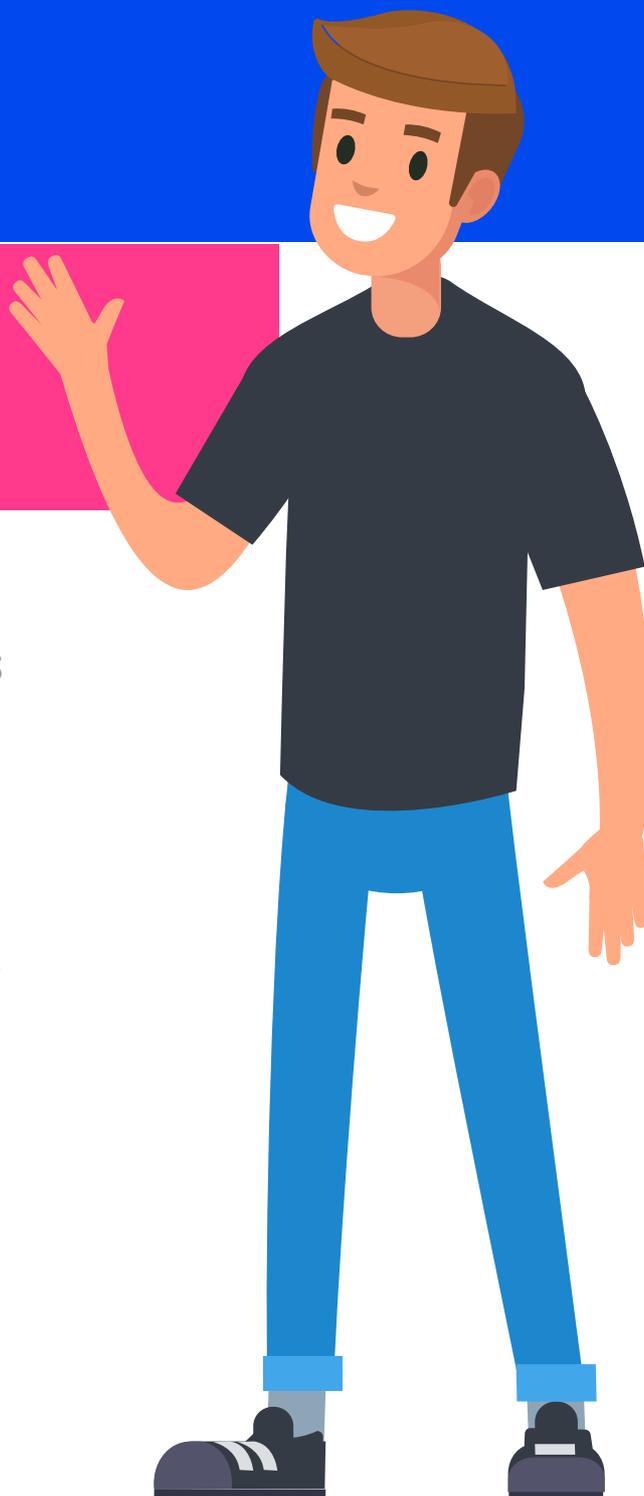
At what point do Aussies start to worry about their credit card debt?

Males

\$4,999

Females

\$3,605



finder.com.au asked over 2,000 Aussies at what point they start to worry about their credit card debt. On average, \$4,113 was the pinch point that got most Australians concerned.

Interestingly, males have a higher tolerance for credit card debt, with the average male not fretting until their balance reaches \$4,999. Females tend to start worrying about their credit card debt when it reaches \$3,605.

In fact, generation X males from Queensland don't stress about their credit card debt until it reaches a whopping \$6,387. Millennial females from South Australia are the most worried about their credit card debt, with anxiety kicking in when it reaches around \$1,629.

How many Australians have missed a card repayment?

17.5%

have missed one credit card repayment

14.9%

have missed more than one credit card payment

32.4%

have missed a payment

6.2m

Australians in total have missed a payment

34%

fear falling behind on their repayments

40%

fear a bad credit score

One in three (32.4%) Australian adults have missed a credit card repayment.

That's 6.2 million Aussies.

The 2017 finder.com.au survey of 2,005 Australians found 17.5% had missed one credit card repayment, while a further 14.9% had missed more than one.

Late or missed credit card repayments can affect your credit score and potentially stay on your credit report for years. On top of that, most credit cards charge a late fee for missing a repayment and

charge interest on the balance. Interest-free days are also not available.

If you've missed a repayment and let it slide for more than 60 days, this may even result in a serious credit infringement if the expected payment was large enough. Known as a default, this can stick to your credit report for five to seven years.

Considering some of Australia's biggest financial fears, 40% fear a bad credit score or report, while 34% fear falling behind on their credit card repayments.

Declined Transactions

18%

have experienced their credit card being declined

1,300,000

Australians have had their card declined in 2017

In 2017, 1.3 million Australian credit card holders said that they have had their card declined when purchasing items.

The finder.com.au survey of 2,019 Australians found that 18%, the equivalent of 1.3 million Australian credit card holders, have had their card declined. Around half a million Australians had their credit cards declined due to entering the wrong details, such as an incorrect PIN.

Twelve percent of credit card holders, close to one million Aussies, have gone over the credit limit on their credit cards and have had a transaction declined.

The data show that families with young children are the most likely to have their credit card transactions declined. This segment of Australia likely has more expenses and relies heavily on their credit

12%

have gone over their credit limit and had a transaction declined

500,000

Australians have been declined for entering their details incorrectly

cards to round out their day-to-day cash flow.

Whether it's insufficient funds, a suspicious transaction or an international purchase, there are many reasons why we may see the "decline" signal when paying at the EFTPOS terminal.

To save yourself the embarrassment, make sure you regularly monitor your account balance and notify your bank if you're heading overseas (so they don't treat it as unusual or suspicious activity).

How much debt do Aussies come back with from vacations?

\$2,448

post-vacation debt on average

35%

of credit card holders have post-vacation debt

4.5m

Australians in total have post-vacation debt

We all know Aussies love travelling, but how much are these holidays costing them in credit card debt?

On average, Aussies come back from overseas with \$2,448 in credit card debt.

A recent survey in January 2018 by finder.com.au of 2,274 Australians has found that 35% of credit card holders come back from holidays with credit card debt. This equates to 4.5 million Aussies ending up with around \$11 billion in credit card debt from their holidays.

Men come back with slightly more debt (\$2,515) than women (\$2,362). Baby boomers also have the most post-holiday debt (\$2,817) compared to generation X (\$2,666) and generation Y (\$2,170).

Luckily, almost two-thirds (64%) of credit card holders will pay this debt off within three months of returning from holidays.

However, this also means that over a third (36%) will take more than three months to pay off this debt. In fact, one in ten Australians who come home with credit card debt will take 12 to 24 months to pay it off. A further 3% don't think they'll ever pay it back.

Males

\$2,515

Females

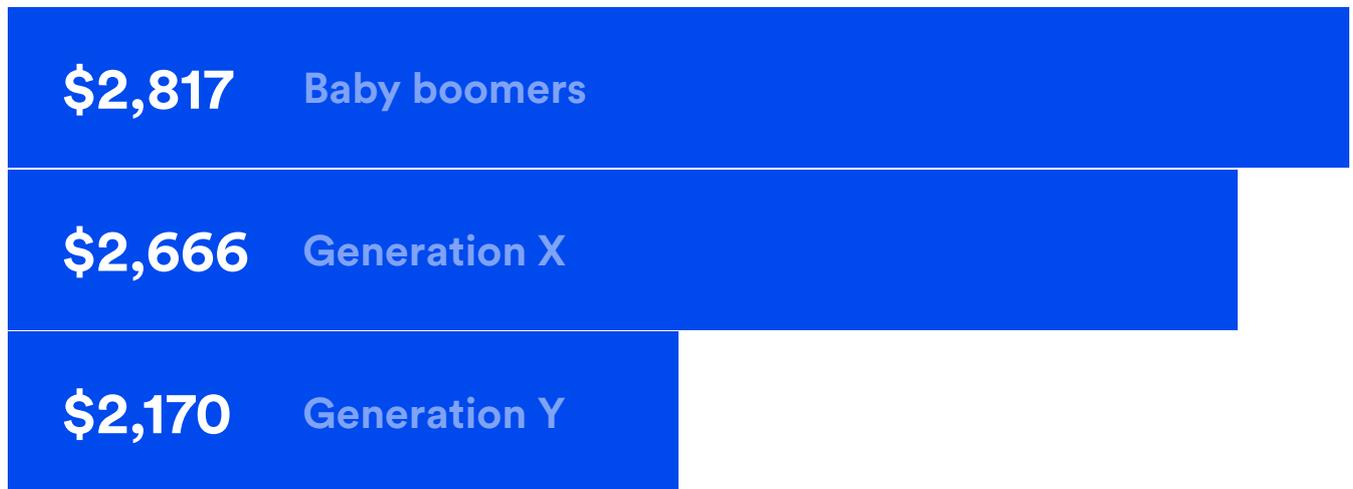
\$2,362

Post-vacation debt by gender

Millennials (generation Y) are most likely to take their time paying back the debt, with 44% taking more than 3 months to pay back their holiday credit card spending, compared to 38% of generation X and just 17% of baby boomers.

Baby boomers also have the most post-vacation debt

Which generation has the most post-vacation debt?



Luckily, almost two-thirds (64%) of credit card holders will **pay this debt off within three months** of returning from holidays

Results from 2,274 responses to the finder.com.au question, "How long will it take you to pay off your holiday credit card spending?"



Millenials (generation Y) are more likely to take their time paying back their holiday spending (over three months)

From each generation, what is the percentage of people who take more than three months to pay back their debt?

44% Generation Y

38% Generation X

17% Baby Boomers

\$168 million

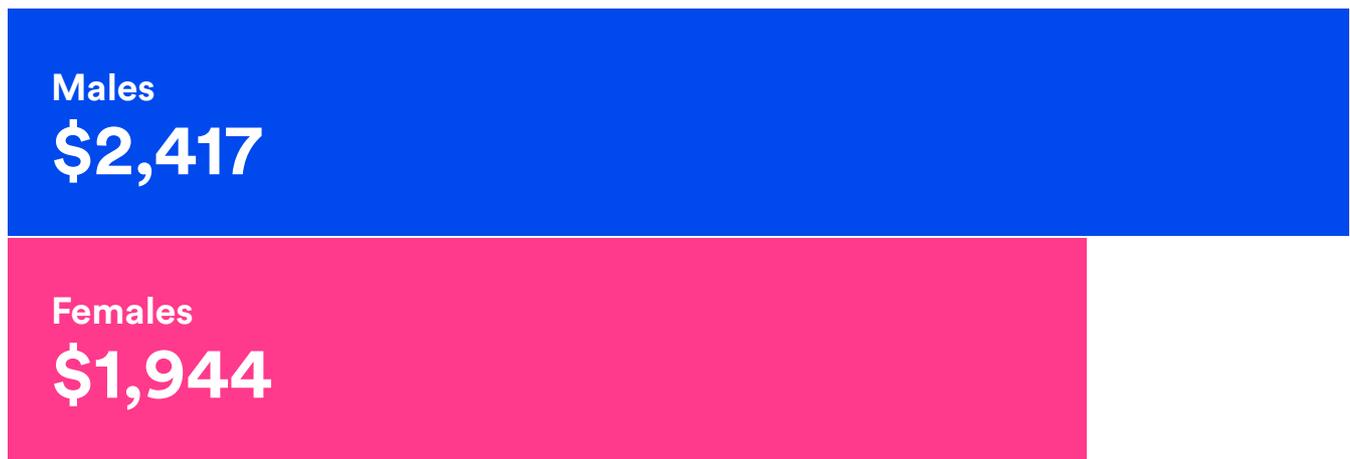
The **interest** that will be paid in 2018 due to Christmas (December 2017) spending alone



Secret spending, secret debt

31% of Australians keep some sort of spending hidden from their partner

Amount of secret debt by gender



At the top of the list of secret purchases was fashion and beauty items (7%), followed by gambling (6%) and “guilt” foods (6%).

When broken down by gender, women are most likely to hide fashion and beauty items (12%), while men were most likely to keep gambling secret (9%).

A finder.com.au survey shows that hidden debt has amounted to a huge \$2,193 on average per person in Australia, amounting to a total of \$9.8 billion.

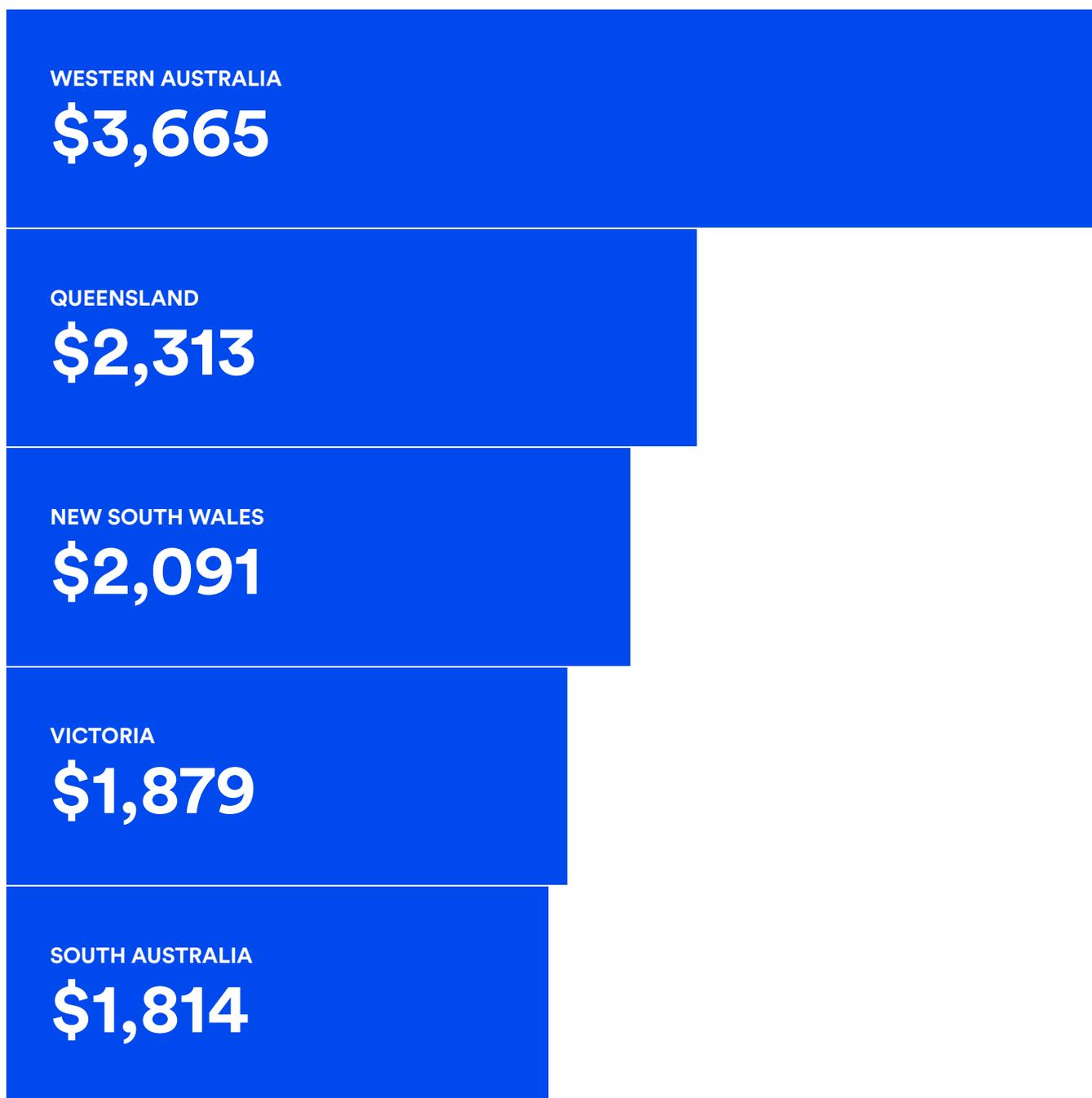
Of the 19.1 million Australians over 18, it’s estimated around 24%, or 4.6 million adults, have a hidden debt.

The research found men have the highest hidden debt – \$2,417 on average compared to \$1,944 for women.

However, Australians will have a tough time keeping their spending private as compliance and regulation mean that bank statements record all credit card transactions to protect the consumer from fraud. Unfortunately for secret spenders, it’s near impossible to hide or delete transactions from your account history once they’ve been processed.

State by state breakdown of secret debt hidden from partners

**ACT and NT were excluded due to insufficient sample size.*



Items purchased in secrecy by gender

Male ■
Female ■

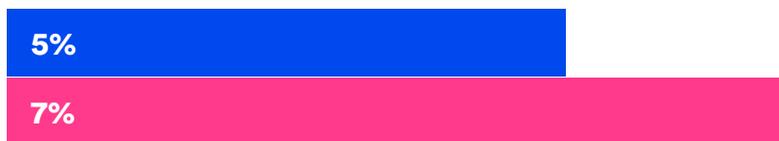
FASHION AND BEAUTY ITEMS



GAMBLING



GUILT FOODS



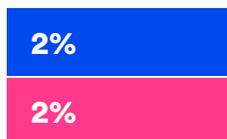
ADULT ENTERTAINMENT



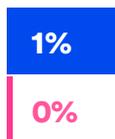
ALCOHOL



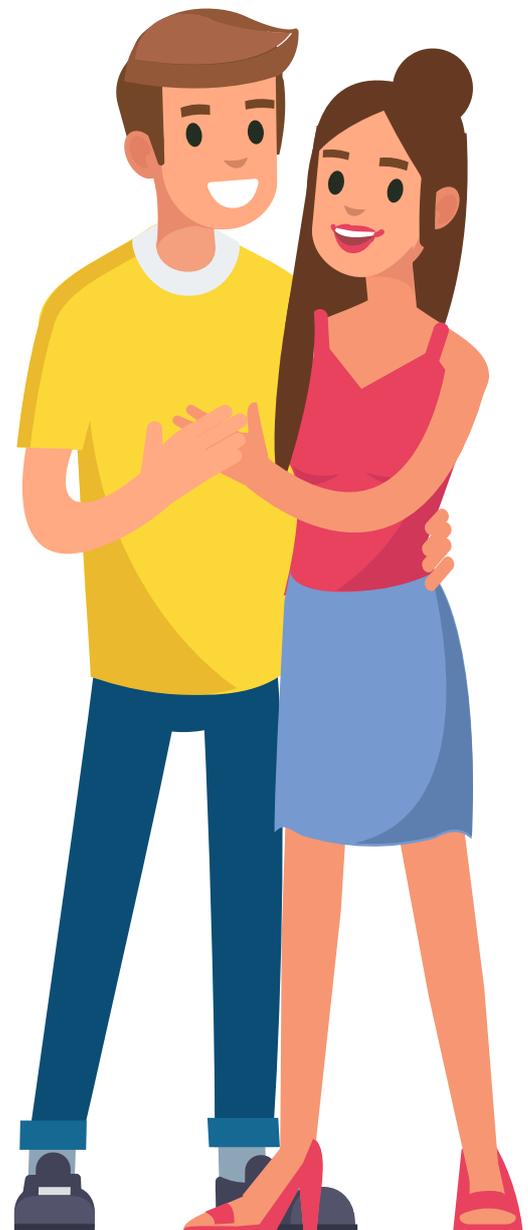
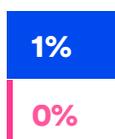
CIGARETTES/SMOKING



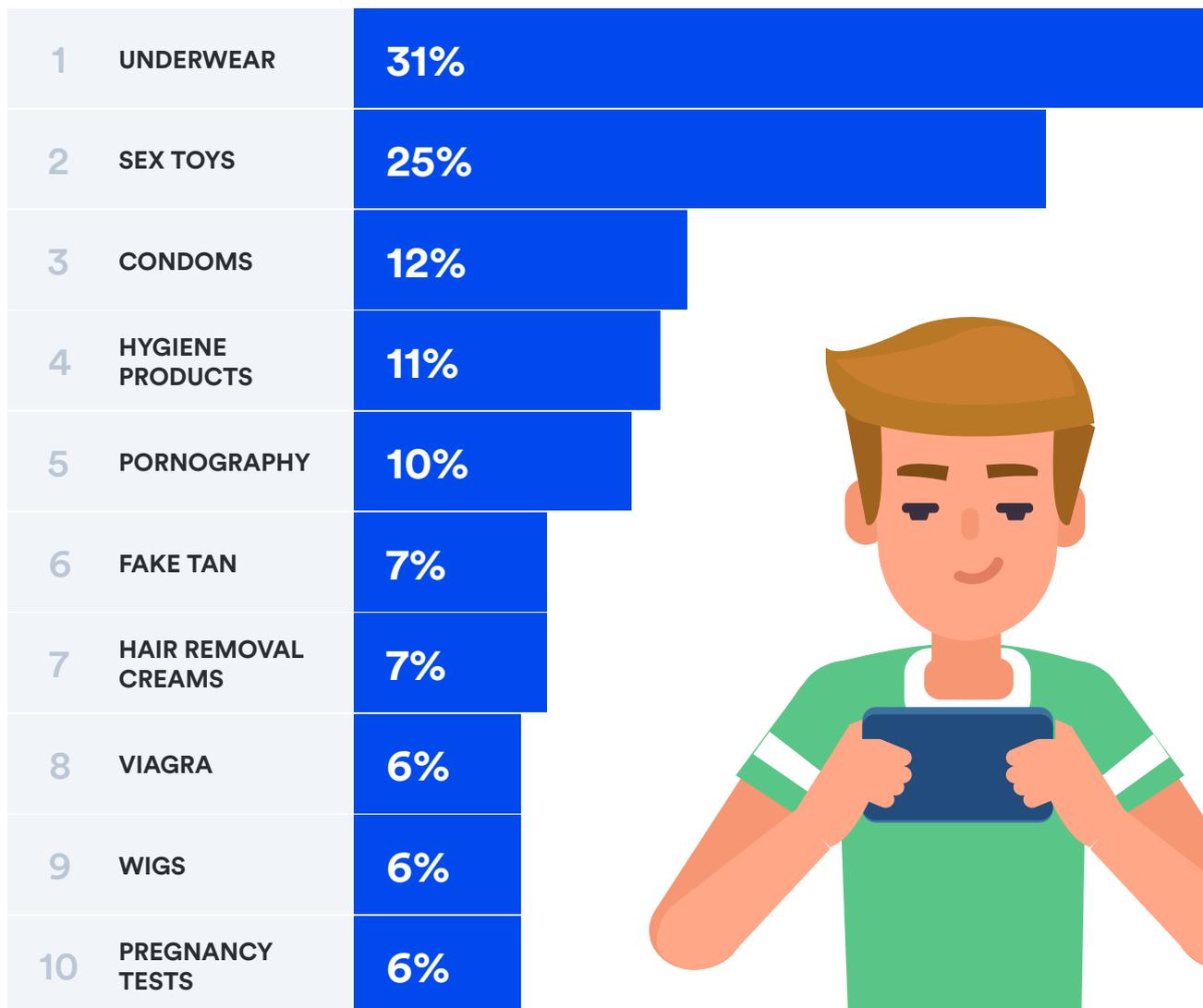
PUB SESSIONS AND NIGHTS OUT



NARCOTICS



What are Australia's most embarrassing purchases?



A finder.com.au survey of 2,006 Australian credit card holders found almost one-third of respondents consider underwear as one of the most embarrassing things they have bought online.

Sex toys were in second place, with one in four (25%) credit card holders admitting to buying them online.

Condoms, hygiene products, pornography and adult diapers all made the list.

On the whole, men buy more embarrassing products online than women, according to the research.



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