

Press Release

For immediate release
February 27, 2014, Sydney

Michelle Hutchison
Head of PR & Money Expert
finder.com.au
+61 403 192 994
+61 2 9299 7602
Michelle@finder.com.au

Are jingle bells still ringing from your credit card bill?

- Many Australian credit card holders will still be paying for their Christmas splurges in 2015
- Never been a better time to balance transfer: record spend + most competitive market
- creditcardfinder.com.au lists top ways to pay down your debt

February 27, 2014, Sydney: Many credit card holders are starting 2014 on the wrong foot, following a new survey by Australia's biggest credit card comparison website creditcardfinder.com.au¹, which found half of those who used their cards for Christmas shopping are still paying for it.

The Christmas Debt Survey, commissioned by creditcardfinder.com.au and conducted by global research provider pureprofile of more than 1,000 Australians, found the majority (64 percent) of cardholders surveyed said they used their cards for Christmas shopping, and the majority of which will take longer than a month to pay off their debt.

In fact, over one in 10 (11 percent) will take between three and six months or up to July before their Christmas debt is paid off. Over 5 percent will take six-12 months and 4 percent will still be paying off their 2013 Christmas shopping debt in 2015 (see table below).

¹ Experian Hitwise 2013

How long it will take to pay off Christmas credit card debt

Length of time to pay off debt	Proportion of cardholders	Potential number of cardholders*
Up to three months – by April	80%	3.99 million
Between three and six months – by July	11%	548,627
Between six and 12 months – by January 2015	5%	249,376
More than 12 months – over 2015	2%	99,750
Don't think they will ever pay it off	2%	99,750

Source: creditcardfinder.com.au Christmas Debt Survey, based on 7,793,000 card holders according to Roy Morgan, December 2013

Michelle Hutchison, Money Expert at creditcardfinder.com.au, said many Australians were facing post-Christmas debt well after the festive season.

“There are over 15 million credit card accounts open in Australia according to the Reserve Bank, and almost 5 million are still waiting to be paid off from Christmas shopping.

“The most disturbing part of our survey was about 2 percent of these credit card holders who used their cards for Christmas shopping don't think they will ever pay off their debts – that's almost 100,000 card holders. There were also 7 percent, or potentially over 349,000 cardholders, who are planning to make minimum repayments to pay it off.

“That means for the average credit card debt accruing interest of \$2,222 at the average rate of 17.87 percent, it would take over 20 years to pay off and cost \$6,433 in interest.

“Christmas time is clearly a necessary expense for most Australians but it's important for cardholders to do everything they can to pay off their cards as soon as possible,” she said.

More than half of the respondents (56 percent) put at least half of their Christmas purchases on their credit cards, including 29 percent who used their cards for all of their Christmas shopping.

About 57 percent spent over \$500 on their cards for Christmas, including one in four (25 percent) spent over \$1,000 and 7 percent spent more than \$3,000.

While most (77 percent) of these cardholders used one card on their Christmas shopping, almost a quarter (23 percent) used two or more credit cards during the silly season.

More than half of these card holders were on or below their budgets, however, there were many

who spent more than they expected.

- 16% went over their budgets by up to 20%
- 5% went over by 20-50%
- 2% went over by more than 50%
- One in five didn't prepare a budget at all!

Mrs Hutchison said that now is the best time of year to compare balance transfer credit cards because of the opportunity to save the most.

“The start of the year is always the hardest time to pay down credit card debt as most cardholders are faced with their biggest credit card bill after their Christmas splurges.

“For instance, we spent a combined \$25.7 billion on plastic in December alone, according to the Reserve Bank – the largest amount ever spent in the one month on record!

“Cardholders can not only benefit by taking out a balance transfer credit card now while they have their biggest credit card debt of the year, but we've never seen so much competition for balance transfer offers.

“There are more than 50 balance transfer offers at 0 percent for up to 24 months on creditcardfinder.com.au. Two years ago we saw only one provider, ANZ, offering no interest balance transfer for 12 months – the longest term for 0 percent.

“Balance transfers can help give you some breathing space to pay off your post-Christmas splurge without paying any interest. But it's important to compare deals and check for annual fees and revert rates before signing up.”

Mrs Hutchison's top tips on paying down credit card debt:

- **Pay more than the minimum each month** – If you add an extra \$100 to your credit card bill that can make a big difference to your repayments. For instance, if you had a \$1000 debt at a rate of 17.87 percent and you paid a minimum of 2 percent (\$20) it will take you seven years and nine months to pay off and \$845 interest. Paying \$120 per month will pay off your debt in nine months and cost you \$59 interest.
- **Consider doing a balance transfer** – If you transfer your debt to a 0 percent card for 12 months you won't have to pay any interest for for the whole year, allowing you to pay down your debt interest-free. Watch out for annual fees, which could outweigh the interest saved.
- **Set up automatic payments** – If you set a certain amount of money to automatically transfer to your credit card every month, this will help you budget while paying down your card.

More findings from the survey

Men Vs Women:

- Men were more generous this giving season compared to women, with over a quarter (28%) spending in excess of \$1,000 over Christmas. That compares to less than one in four (23%) women who spent that same amount.
- The majority (81%) of women used a single credit card for their Christmas shopping while men tended to juggle, with three in 10 (29%) using two or more credit cards.
- Despite spending more, men were just as organised with their money as women – over half of both genders (59% of men and 57% of women) were either on or under budget with their holiday spend.
- Men are more likely than women to up their repayments or do a 0% balance transfer to pay down their card faster. This is while 45% more women will opt for spending less on outings and shopping.

Generations:

- Gen X spent the most this Christmas, with 30% having spent over \$1,000. That's followed by Gen Y (24%) and then baby boomers (20%)
- Baby Boomers were the most prolific credit card users with over a third (34%) putting all their holiday shopping on their plastic.
- Gen X were the least reliant on their credit cards, with two in five (40%) putting less than 50% of their Christmas shopping on credit.
- 30% of Gen Ys surveyed went over budget
- Gen Y is the worst group with paying off their Christmas shopping debt, over twice as likely as Gen X and almost five times as likely as Baby Boomers to keep on paying their minimum credit card repayments each month.

###

For further information:

Michelle Hutchison

Head of PR & Money Expert

finder.com.au

+61 403 192 994

+61 2 9299 7602

Michelle@finder.com.au

About finder.com.au:

finder.com.au is one of Australia's biggest comparison websites and has helped over 4.8 million Australians find better credit cards, home loans, life insurance, shopping deals and more since 2006. finder.com.au compares 250 credit and debit cards from 31 providers, over 300 home loan products, and information from 13 life insurance providers as well as online shopping promo codes, mobile phone plans, travel insurance and more. One Australian every five minutes is using finder.com.au or one of its network sites creditcardfinder.com.au and lifeinsurancefinder.com.au to find better (Source: Google Analytics).



Disclaimer:

Hive Empire Pty Ltd (trading as finder.com.au, ABN: 18 118 785 121) provides factual information, general advice and services on financial products as a Corporate Authorised Representative (432664) of Advice Evolution Pty Ltd AFSL 342880. Please refer to our [FSG](#) and Credit Licence ACL 385509. We are also a Corporate Authorised Representative of Countrywide Tolstrup Financial Services Group Pty Ltd. ABN 51 586 953 292 AFSL 244436 for the provision of online travel insurance. We are not owned by any Bank or Insurer and we are not a product issuer or a credit provider. Although we cover a wide range of products, providers and services we don't cover every product, provider or service available in the market. We also don't recommend specific products, services or providers. If you decide to apply for a product or service through our website you will be dealing directly with the provider of that product or service and not with us. We recommend consumers understand the Product Disclosure Statements before deciding if a product is right for them (c) 2013.