

For immediate release
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Australians suffering as personal loans grow

- ➔ Almost half of those with personal loans feel anxious, stressed or trapped by their debt
- ➔ The average outstanding balance hits \$12,643 as the total value of personal loans rises
- ➔ Pros and cons of personal loans: what you need to know!

13 April, 2016, Sydney, Australia – Australians are struggling under the weight of personal loans, new research by finder.com.au, one of Australia's biggest comparison websites¹, reveals.

A new survey² shows almost half (47%) of Australians with a personal loan feel anxious, stressed or trapped by their towering debt.

According to finder.com.au the most common reasons people take out personal loans are for the purchase of a car, followed by debt consolidation, holidays and student loans. Rounding out the top 5 categories is short-term loans.

Most popular categories of personal loans	Estimated number of Australians
Car/vehicle	1.324 million
Debt consolidation	399,000
Holiday	381,000
Student loan/education	381,000
Payday (short-term) loan	181,000

¹ Experian Hitwise since 2013

² A survey of 1,035 Australians commissioned by finder.com.au and undertaken by Pure Profile.

Source: finder.com.au, Australian Bureau of Statistics. Based on population over the age of 18.



This follows a significant rise in the number of Australians searching and applying for personal loans on finder.com.au, with a 40% increase in traffic in the first quarter of 2016 against 2015.

According to the survey, the most expensive personal loans are for debt consolidation, averaging \$20,248, followed by student loans (\$15,980) and car purchase (\$11,357).

It also found the average Australian personal loan balance sits at \$12,643. Paying off a personal loan of \$12,643 over five years would mean monthly repayments of \$274, based on the average personal loan interest rate of 10.91%, according to finder.com.au.

Bessie Hassan, Money Expert at finder.com.au, says many Australians look to personal loans to cover life's shortfalls.

"Debt is usually a result of spending more than you earn or have, so it's not surprising to find so many Australians feel stressed or anxious about their debts.

"It's a quick fix for some – but it's time Australians reassess their love affair with debt. The burden of tens of thousands of dollars in personal loans is clearly too much for some."

The survey found that on average, Australians had 31 months left to pay off their personal loans.

"For this loan size, you would end up paying \$16,459 over five years – with more than \$3,800 in interest charges," she says.

"Before turning to a personal loan, be sure to budget and design a repayment plan.

"If you're unable to meet repayments and your debt grows, you're effectively prolonging a debt-free future."

Ms Hassan says it's important to compare the options available to you and consider your personal situation in detail before taking out a personal loan.

"Take borrowing decisions seriously. The best way to handle unexpected expenses or debt is to carefully consider your financial situation and ability to service the loan so that you don't end up struggling further down the track."

"A personal loan could inflict years of pain, long after the thrill of a new car or last year's holiday has expired. And you can end up paying a lot more than you need to. Current personal loan rates average 10.91% but can go as low as 4.99% and as high as 14.74%. The

difference in interest paid between these two rates over five years on the average loan amount it over \$3,600.”

Pros and cons of a personal loan

Pros	Cons
Lower interest rates than credit cards	Minimum loan term means that you'll carry the debt for more than a year
Repayment schedule means your debt comes with an end date	Can be inflexible (may change for redraw options or not offer early repayments)
Cheaper in the longer term	Typically involves a longer application process
Not tempted to spend because the debt can't be increased	

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