

Tuesday, 31 July 2012

Half of New Zealanders worried about financial situation

Families impacted by ongoing economic uncertainty

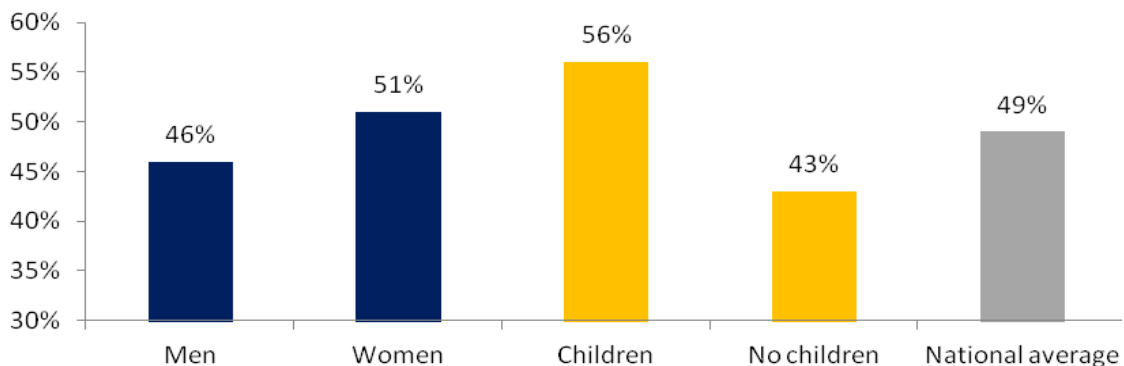
Half of all New Zealanders are worried about their current financial situation amid a weaker economic outlook domestically and abroad, with nearly a third of people anticipating difficulties in meeting their credit obligations over the coming months.

These findings are from the latest Dun & Bradstreet *Consumer Credit Expectations Survey*, which examines expectations for savings, credit usage, spending and debt performance for the September quarter 2012.

The survey indicates that families are increasingly vulnerable – 56 per cent of those with children are concerned about their current financial situation, seven per cent above the national average and 13 per cent above the figure for couples with no children.

At the same time, over a third of families surveyed anticipate difficulties meeting their credit commitments, as compared to 24 per cent of childless couples, with these figures remaining similar to those seen in the preceding year.

Those concerned about current financial situation by gender and number of children



According to John Scott, General Manager of Dun & Bradstreet New Zealand, these responses are suggestive of the pressures certain demographics are facing and expect to face over the next quarter, and underlines a recent Reserve Bank statement indicating a weakened outlook in New Zealand.

MEDIA RELEASE



Decide with Confidence

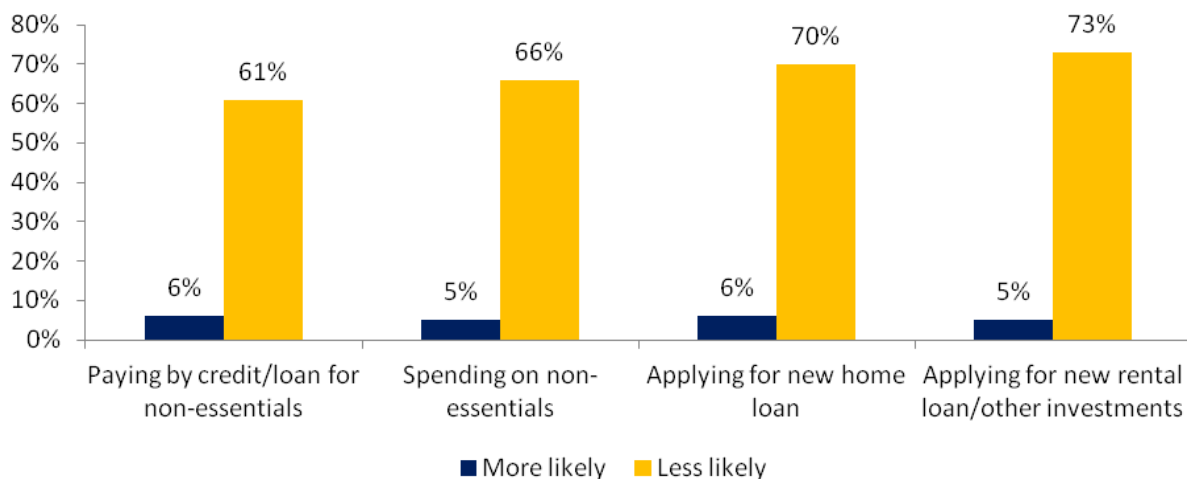
“Consumers are certainly feeling the pinch, with sentiment adversely impacted by economic and political uncertainties in the troubled Euro-zone, along with softer domestic conditions.

“We see this reflected in a significant proportion of families expressing concern over their present financial state – this is no doubt having a knock-on effect on how likely they are to pay their credit commitments down the track.”

In a sign of further difficulties facing consumers, D&B data shows that the majority of New Zealanders are shying away from discretionary spending and loan applications. Sixty-six per cent of people are less likely to spend on non-essential items such as entertainment or beauty treatments, with nearly 70 per cent of families falling into this category.

New Zealanders are also refraining from applying for new property loans, with 70 per cent of people less inclined to make a new home loan application, falling three per cent for those with children. Nearly three quarters of people are also less inclined to apply for a new rental property loan.

Spending plans compared with 12 months ago



Similarly, more than 80 per cent of people do not intend to apply for other forms of credit in the coming months. This includes credit cards, debit cards, personal loans, mobile phones and pay TV subscriptions.

This has remained constant over the past year and since the previous quarter, with the exception of mobile phone applications. The number of people not expecting to apply for a new mobile phone contract in the September quarter has risen five per cent over the past 12 months, and is up four per cent since the March quarter 2012.

MEDIA RELEASE



Decide with Confidence

Consumers are instead opting to save money in the September quarter as compared to the same time last year, in light of ongoing global economic uncertainty. Forty-two per cent of people fall into this category, with just as many expecting a positive impact from a cut in interest rates. This comes off the back of the Reserve Bank leaving rates on hold at 2.5 per cent in its recent monetary policy decision.

Despite a greater inclination to save, a third of consumers expect to rely on credit to cover unaffordable expenses in the coming quarter, with this figure rising to 36 per cent for families. This is three per cent higher than couples with no children.

“We are seeing vulnerable consumer demographics rely on credit cards to meet basic expenses, which can result in an accumulation of bad debt many will struggle to pay down, or even worse, a black mark on their personal credit history,” says Mr Scott.

“This can have a negative effect on individuals’ ability to access credit in the future – it is advised that consumers take appropriate action now to understand what is listed on their credit report and manage all credit commitments.”

Consumers can obtain a copy of their credit report at www.dnbcreditreport.co.nz.

For further information or to arrange an interview please contact:

Alissa Ng

T: +61 (3) 9828 3694

M: +61 415 889 484

E: nga@dnb.com.au

Note: This national survey was conducted online for Dun & Bradstreet by TNS Global between 11-18 June, surveying 915 respondents aged 18-64 years.