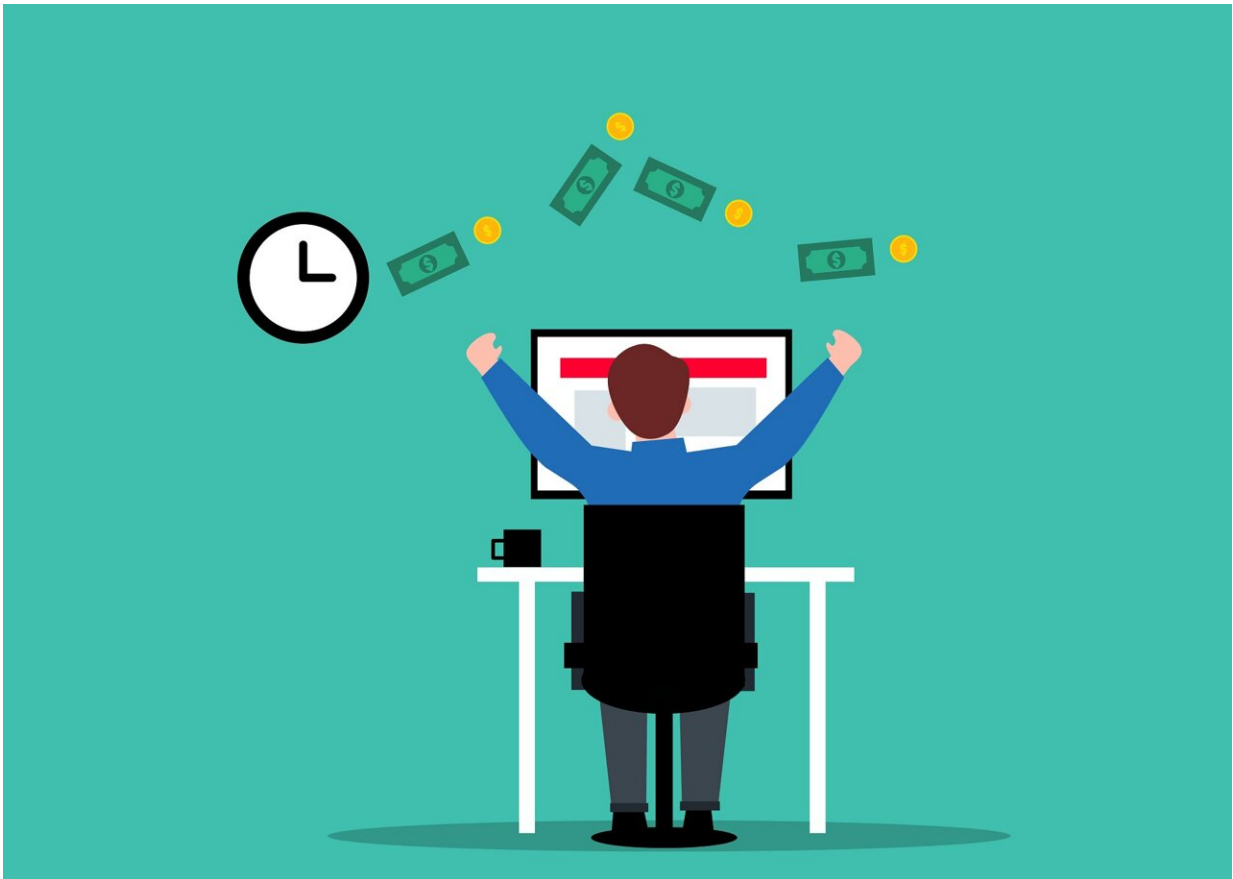


New report reveals young Australians are struggling financially

November 8 2022



Credit: Pixabay/CC0 Public Domain

The way young Australians think about and manage their finances is rapidly changing and fintech is having a profound impact, according to

new research from The Monash Center for Youth Policy and Education Practice (CYPEP).

The [report](#) "Young people's financial strategies," released today, reveals job losses during the COVID-19 pandemic, lack of affordable housing and the rapid rise of platforms like cryptocurrency and "buy now, pay later" (BNPL) schemes, have changed the financial landscape for young Australians, and not necessarily in a good way.

The comprehensive survey which examined the views of more than 500 young Australians aged 18–24 over the previous two years found:

- More than a quarter (25.2%) reported experiencing financial difficulties
- Only 18.2% reported never experiencing financial difficulties
- Just over half young Australians now use BNPL services
- Around half thought BNPL has a [negative effect](#) on their financial behavior
- 76% of who experienced financial difficulties were more likely to use BNPL

The study also found living at home helped [young people](#) save money and protected them from experiencing financial difficulties with more than half (56.1%) able to save, compared to those who lived in a share-house (39.5%) and those who lived on their own (47.4%)

Notably, more than a third of young people who lived independently experienced financial difficulties often or very often, compared with 22.6% of those who lived in their [family home](#).

Having a job helped young people save money but did not always protect them from experiencing financial difficulties, as noted by 18.4% of respondents who were working for wages or salary but experienced

financial difficulties often.

"I just don't want to live my whole life paying things off. I want to reach a point in my life where I can have a good number of years to just enjoy the money that I have left, the money that I've earned, without having to worry about making repayments or things like that," said a survey participant from Victoria, aged 20

This report, the latest insight from [The 2021 Australian Youth Barometer](#) confirms that young people's financial situation is closely linked to their well-being.

Professor Lucas Walsh, co-author of the report, and director of the Monash Center for Youth Practice and Education Policy says changes to the financial landscape for young people matters because their financial experiences are deeply interconnected with other aspects of their lives.

"A quarter of young people told us they are struggling with debt, and this was before recent inflationary pressures and rises in the cost of living. Our report shows that this is having a serious effect on their [mental health](#), which we know to be at crisis levels. Saving, going into debt, and experiencing [financial difficulties](#) do not happen in isolation but are linked to family, housing, work and well-being," says Professor Walsh.

"We know that young people have suffered during the pandemic. They are experiencing major mental ill-health issues and had their education and working lives severely disrupted. We need to ensure they have access to better understanding and education around finances and financial well-being."

Lead author of the report, Dr. Beatriz Gallo Cordoba, says that with young people increasingly navigating an ever-changing world of online financial products and services, we need to provide better digital

financial literacy support to account for these new realities of young people's financial lives.

"Schools can play a better role in providing all students access to quality and up-to-date financial education, especially those students who lack family support. This includes basic financial literacy and numeracy and working knowledge of financial products," says Dr. Gallo Cordoba.

"Improving young people's financial decisions today will benefit Australians tomorrow."

More information: Young people's financial strategies: Insights from the Australian Youth Barometer. [bridges.monash.edu/articles/re...
h_Barometer/21266553](https://bridges.monash.edu/articles/research/2022-11-reveals-young-australians-struggling-financially)

Provided by Monash University

Citation: New report reveals young Australians are struggling financially (2022, November 8) retrieved 10 May 2024 from <https://phys.org/news/2022-11-reveals-young-australians-struggling-financially.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.