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Consumers turn to cash to pay for Christmas

The latest ING DIRECT Savings Census has revealed Australian families are turning to cash and the use of debit cards as a way of keeping the brakes on Christmas spending.

The belt tightening comes as families also reveal they are saving less and finding it harder to make ends meet this festive season.

2009 sees the family Christmas strategy using cash and debit cards when buying presents.

The ING DIRECT Savings Census reveals:

- 40% of families plan to use cash for Christmas presents
- 22% of families plan to use debit cards at the expense of credit cards
- the majority of consumers will use either cash (40%) or debit cards (22%) for Christmas purchases and
- Men (30%) are more likely than women (20%) to mainly use a credit

The survey also revealed almost one in five Australian's (18%) have less than \$1000.00 in the bank.

In NSW people are living on even less; 13% of males and 12% of females in NSW have less than \$500 in the bank

"The results show the downturn has affected people in different ways and this Christmas is going to be a real test for Australians and how they manage their money," said Brett Morgan, Executive Director of Savings ING DIRECT.

For some households the money is running out with four in ten (40%) Australians saving less than they were five months ago or not saving any money at all (21%). This is particularly so for low income families where 56% are saving less or not at all (33%).

However, not all Australian's are feeling the brunt of the current financial environment. Nearly 90% of those in higher household incomes (\$70K+) are feeling optimistic as opposed to only 68% of those in lower household incomes (<\$40k).

The survey also found spending this Christmas /New Year is likely to be on par with last year at best. While one third (36%) won't change their spending, 35% will decrease this spending this Christmas.

Most Australians will feel the pinch not only at the cash registers this Christmas, but also when the bills come through in January. Almost one in four say they are still mainly using their credit card this Christmas.

"Christmas shoppers who use cash or debit cards over Christmas period will be in a much better position come 2010." Mr. Morgan said.

The third Savings Census of 2009, released today by ING DIRECT, shows 1 in 4 hopes to buy less on credit cards in 2010 compared to 2009.

–ENDS –

Extra Stats:

- 27% of those who earn under \$40k are pessimistic about the future whilst only 10% of those who earn over \$70k are pessimistic
- 21% of unmarried people are saving more than they were six months ago whilst 20% of married people are not saving any money at the moment
- 36% of NSW will make mostly cash purchases this Christmas, while 24% will use mainly credit card

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Notes to editor

This study was conducted on the Galaxy Omnibus on the weekend of 20-22 November 2009. It is the third wave, with the benchmark study conducted 13-15 March, 2009, and the second wave June 26-28.

The sample was 1,052 respondents aged 18 years and older distributed throughout Australia.

About ING DIRECT

ING DIRECT began operating in Australia in 1999. By doing business online, over the phone and through intermediaries, ING DIRECT keeps its overheads low and passes the savings onto customers in the form of competitive rates. Today, it has grown to become Australia's fifth largest retail bank, with around \$22 billion in deposits, more than \$36 billion in mortgages and more than 1.45 million customers.