

Credit drives Gen Y - Cashless society on cards

Melanie Christiansen, The Courier Mail, 9 February 2008

JELLAINE Ross rarely has more than \$20 in her purse.

Instead, at 24, the full-time marketing consultant and confessed eBay junkie has five credit cards with a combined debt of \$13,000.

But far from cutting up her multiple credit cards, Ms Ross avoids paying cash wherever possible, preferring to use credit records to help monitor her spending with the aim of being debt-free within a year.

"I never have any cash, just enough for the bus," she said. "If it's in my wallet, I'll spend it. But if it's on my card, at least I can track where it has gone."

And Australian social researcher Mark **McCrindle** says that is typical of Generation Y's cashless consumers.

According to his latest research, only one in 25 Australians is in the habit of carrying about \$100 or more in cash.

Two-thirds of the population normally has less than \$50 cash on them, while 42 per cent carry no more than \$25.

"We're relying more on plastic and getting cash out only as a back-up," Mr **McCrindle** said.

"The Baby Boomers were more comfortable with credit than their parents. But it's at a whole new level with the under-30s of today, because they've only ever known this world where to buy something you go online and use a credit card."

His research shows seven out of 10 adult Australians have a credit card, with one in six of those having at least three credit cards.

In response, authorities and businesses are doing away with old cash payment systems.

Many southeast Queensland commuters will soon be swiping a pre-paid "go card" instead of buying a ticket.

By next year, the state's toll roads will go cash-free, with the traditional coin baskets removed from the Gateway and Logan motorways and motorists paying via an E-Toll transponder fitted to their vehicles.

Infrequent toll road users will be forced to use alternative payment options, such as paying over the phone or online.

But consumer advocates are watching the shift to cashless payment with concern.

Consumer Action Law Centre policy director Gerard Brody said too many vulnerable consumers felt pressured into accepting a credit card.

"We're in an environment now where we're having credit cards and store credit pushed at us wherever we go," he said.

The result, he said, was rising personal debt levels in Australia.

Reserve Bank figures show the debt Australians collectively owed on credit hit \$41.9 billion in November -- double the amount owed just over five years ago.

Mr Brody said it was worrying that 70 per cent of that credit card debt -- or \$29.7 billion -- was accruing interest.

The **McCrindle** research found 53 per cent of Australians paid their credit card bill in full every month, but 13 per cent paid only the minimum required.

But there will be no turning back to old-fashioned cash for Generation Ys such as Ms Ross.

In our wallets

* 68 per cent of Australians carry less than \$50 in cash. 42 per cent carry less than \$25 cash.

* Seven in 10 adult Australians have a credit card. One in six of those has more than three credit cards.

* 53 per cent of Australians usually pay their credit card bill in full every month. 13 per cent generally pay only the minimum required.

* Australians owed a collective \$41.9 billion on credit and charge cards in November. 70 per cent of that credit-card debt -- or \$29.7 billion -- was accruing interest.

Source: **McCrindle** Research and the Reserve Bank of Australia