more than money

NAB Australian Wellbeing Survey

Q4-2025

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While overall wellbeing has softened, Australians continue to demonstrate resilience and adaptability. Many are focusing on what matters most—education, housing, safety, and family life—and more feel empowered and in control of their futures than before. Despite economic pressures, most are prioritising saving, cautious financial management, and supporting family, with younger people particularly motivated to build financial security. Social cohesion is strong, with families supporting each other and recent migrants bringing a sense of optimism. Age and income divisions however have widened and explain much of the divergence in wellbeing, highlighting the value of targeted support for those most in need.

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Summary

Wellbeing Dips but Financial Resilience & Support Networks Hold

The NAB Wellbeing Survey looks at how Australians feel about their lives in response to changing economic and social conditions and personal finances. By exploring resilience and vulnerability, the survey reveals the **underlying forces shaping people's life satisfaction, sense of control, and adaptability.** The survey is conducted quarterly to provide a dynamic picture of wellbeing that shifts over time with changing circumstances, offering a genuine snapshot of Australians' lived experience.

The NAB Australian Wellbeing Index fell in the December quarter (after rising for 2 quarters to touch a 2-year high), to 62.8 from 64.2 with all four underlying components - happiness, life satisfaction, life worth and anxiety - dropping below their long term averages. This decline has been broad based, affecting 38 of the 44 demographic groups surveyed. Queenslanders continue to post the highest wellbeing scores, Victoria the lowest. Wellbeing is generally lower in rural areas compared to capital cities. Men continue to report higher overall wellbeing than women, largely due to lower anxiety scores among men. The positive link between homeownership and higher wellbeing is also very apparent.

While overall wellbeing has dipped recently, Australians continue to place strong value on core aspects of life, including education, housing, safety, and family, which remain steady sources of satisfaction. Even as happiness, life satisfaction, and optimism have softened, the community displays significant resilience and adaptability, along with a growing belief in their capacity to shape their futures. Most people report either a stable or improved sense of control compared to last year—36% feel more in control, while 21% feel less so. Young adults are experiencing notable gains in this area, and higher-income households are also seeing significant improvements.

Widening age and income divides help explain much of the variation in wellbeing. Older Australians report significantly higher wellbeing, lower financial stress, and greater satisfaction across lifestyle, financial, and emotional measures. The low stress levels among older Australians highlight the long-term benefits of debt reduction and asset accumulation, but also underscore the financial journey required to reach this position. By contrast, young adults aged 18-29 face the highest stress, frequent difficulties with essential expenses, and a pronounced inability to raise emergency funds. Income divides mirror these age-based differences: lower-income households face high financial stress, increased debt worries, shrinking savings, and anxiety about income and essentials, while higher-income households enjoy lower stress, stronger income growth, and more stable savings buffers. In essence, thinner financial buffers and weaker income growth amplify stress and, as a result, lower wellbeing.

Financial stress has edged up across the nation, especially in areas like retirement funding, essential expenses, and the ability to raise emergency funds. Despite this, three-quarters of Australians are actively trying to save, demonstrating strong financial intent. Younger people, in particular, are highly motivated to build savings, showing increasing awareness of the need for long-term financial security.

Debt levels and concerns differ by age and income. Younger and lower-income Australians are more likely to rely on short-term credit, while older and higher-income households focus on reducing debt and building assets. Regional differences also play a role, with Victoria posting the lowest wellbeing and rural areas experiencing the highest financial stress due to greater exposure to essential cost pressures and weaker financial buffers. Encouragingly, more Australians are now spending less than they earn, suggesting a broader shift towards cautious financial management and prioritisation of essentials.

Financial stress and resilience often coexist. Many households display strong financial resilience yet still report high stress across various spending categories. For example, stress about retirement funding is widespread—even among younger Australians far from retirement age. Higher-income households and older Australians (especially those over 65) generally experience lower levels of financial stress, supported by stronger financial buffers, less exposure to debt, and more stable income, but even they express concerns about long-term responsibilities like retirement savings or ongoing home maintenance. This persistent unease can linger even without immediate difficulty, and it's important to remember that financial difficulty still affects some individuals within otherwise stable groups.

Financial difficulty is most common among younger Australians (18-29), those forming families (30-49), women, and particularly lower-income households. These groups face intense pressures—difficulties affording essentials like groceries, utilities, and housing, as well as challenges raising emergency funds or repaying loans. For example, in the past three months, 43% of Australians earning under $35,000 struggled with non-essential expenses, and 36% with utility bills—often double the national average. Younger people also report higher rates of missed payments and trouble managing day-to-day costs, reflecting limited savings and greater debt exposure. While some Australians may experience “money dysmorphia”—feeling financial stress without immediate hardship—many younger and lower-income Australians face tangible, daily financial challenges requiring urgent attention.

Parental and grandparental financial support for adult children is also rising, now present in about one in seven households. This assistance primarily helps with everyday expenses rather than home deposits. While emotionally rewarding, this support increasingly threatens the financial security and retirement preparedness of older Australians, highlighting a new form of financial strain that affects both the older generation and those they support. This dynamic reflects the tension between strong social norms of family support and the need for personal financial wellbeing. While it can place strain on older generations, it also demonstrates the community spirit and willingness to support each other during tough times.

Migrants, especially those who have arrived in the past five years, remain considerably more optimistic about the future than Australian-born individuals. Around 40% of recent migrants report feeling optimistic, compared to just 20% of those born in Australia. Their optimism is driven by the perceived advantages Australia offers—personal safety, freedom, and economic opportunity—which continue to attract people from around the world. This positive outlook not only strengthens social cohesion and resilience, but also brings fresh perspectives and hope to the wider community during challenging times.

In summary, while Australians are navigating increased financial and emotional pressures, the data highlights a community that remains proactive, adaptable, and strongly committed to preserving wellbeing. Many are responding to cost-of-living challenges by actively saving, managing debt, and supporting family members, which is helping to sustain optimism about the future. Younger Australians, lower-income earners, women, single adults, and the unemployed are experiencing the lowest levels of wellbeing. This aligns with elevated financial stress, limited savings, and growing debt burdens among these groups. The evidence reveals a clear connection: thinner financial buffers and subdued income growth intensify stress, which in turn undermines overall wellbeing. For some Australians, being able to better distinguish between genuine financial challenges and perceived threats, may significantly improve both mental wellbeing and financial resilience. It's also important to acknowledge that many Australians are doing their best in tough circumstances, and that feeling overwhelmed or uncertain at times is a perfectly natural response.

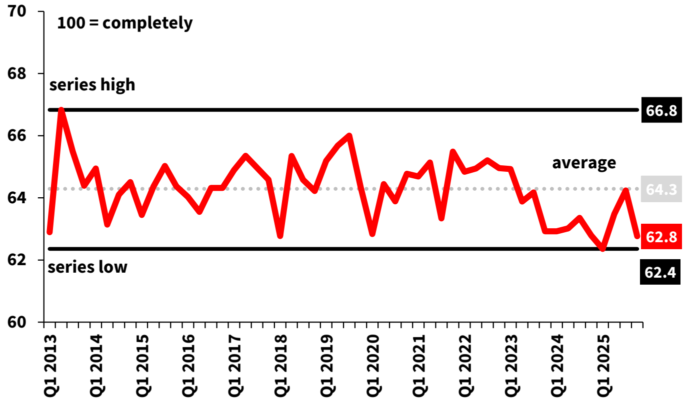
Beyond money, wellbeing is strongly supported by social connections, family support, a sense of personal control, optimism, and adaptability. Core life aspects like education, housing, and safety remain vital sources of satisfaction, while open conversations about emotions and mental health, resilience in the face of challenges, and optimism, all contribute to maintaining community wellbeing - even during financially stressful times.

NAB Australian Wellbeing Index

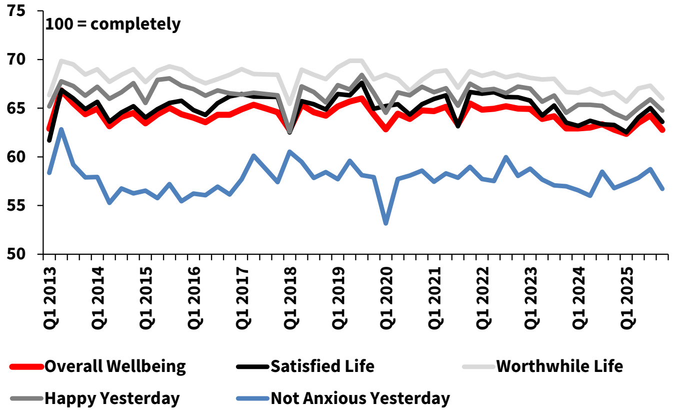
NAB has tracked Australians' wellbeing since 2013, measuring subjective perceptions of happiness, life satisfaction, life worth and anxiety - core indicators of how people feel about their lives overall.

The NAB Australian Wellbeing Index fell sharply to 62.8 in the December quarter, down from a two-year high of 64.2 in September and below the long-term survey average of 64.3. The decline was broad-based - all index components dropped below average levels, with life worth slipping to 66.0 (from a 68.1 average), happiness to 64.8 (from 66.3), and life satisfaction to 63.6 (from 65.1). Anxiety also increased, with the 'not anxious yesterday' measure falling to 56.7, also below its long-term average of 57.7. The softening in all index components indicates a more pervasive shift in sentiment among Australians rather than isolated issues.

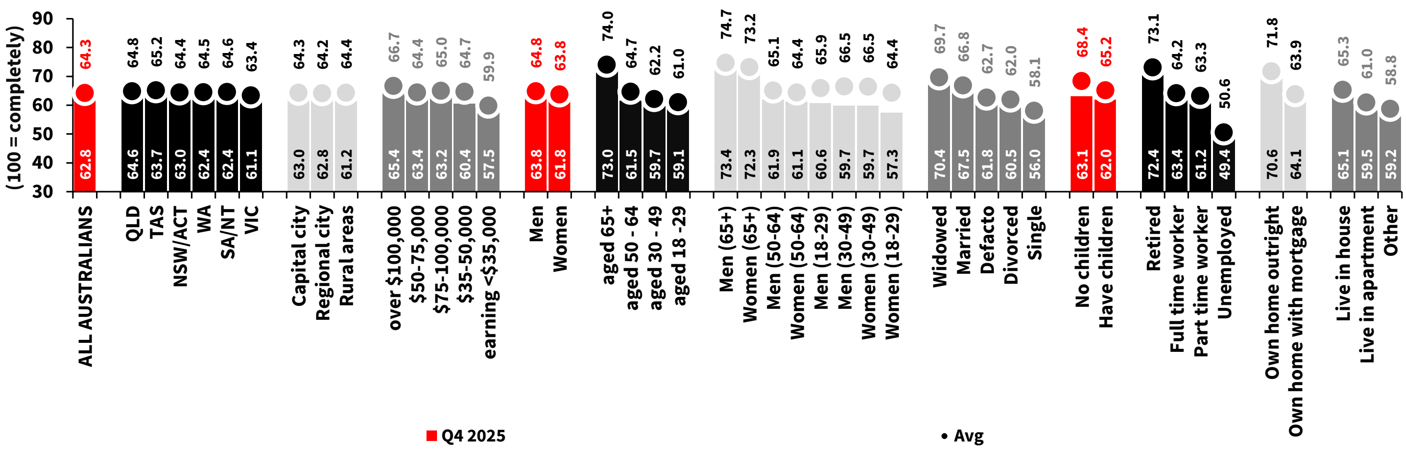
NAB Australian Wellbeing Index



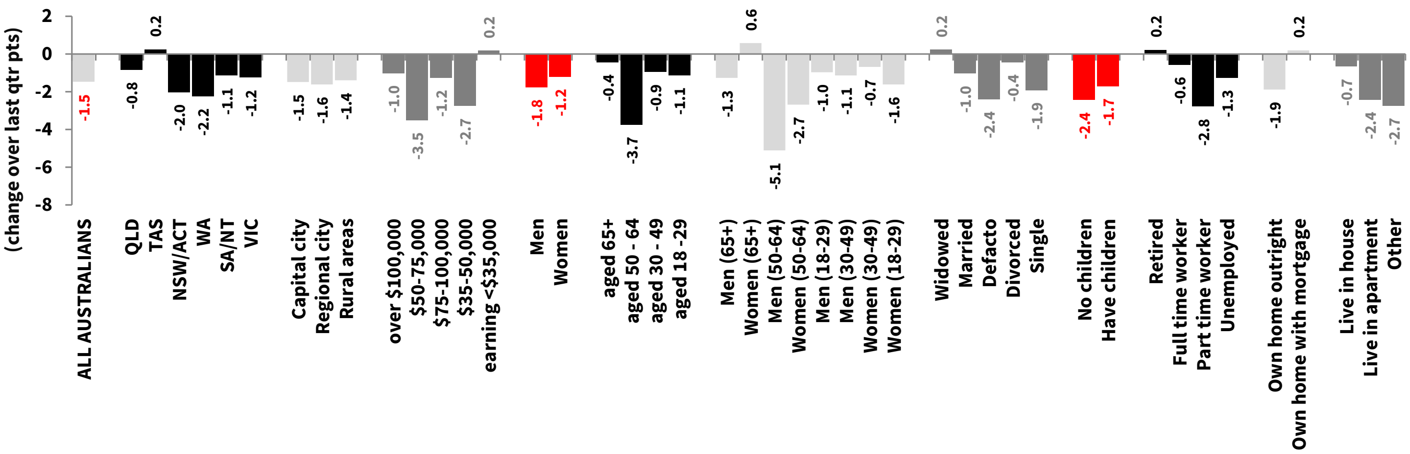
NAB Australian Wellbeing Index



NAB Australian Wellbeing Index - all groups



NAB Australian Wellbeing Index change - all groups

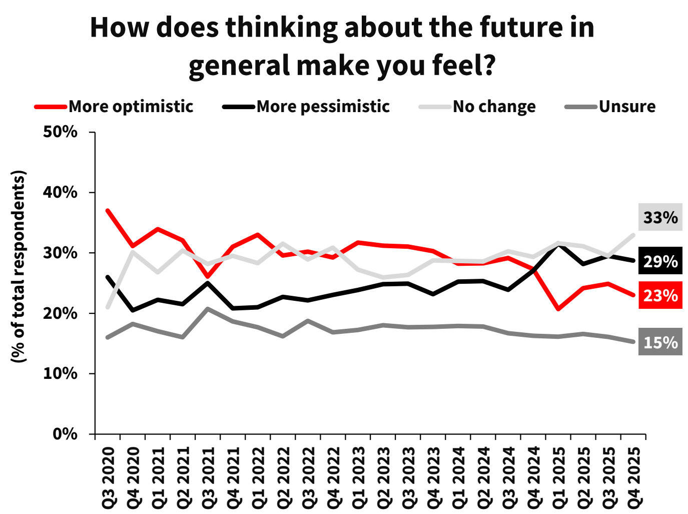


Wellbeing declined across most demographic groups, with 38 of 44 monitored cohorts reporting lower scores. Only a handful showed small improvements - TAS, lower-income earners, women over 65, widows, retirees, and people who own their home with a mortgage.

Wellbeing remained highest among Australians aged over 65 (73.0), including both men (73.4) and women (72.3), as well as for retirees (72.4), homeowners without a mortgage (70.6), and widows (70.4). At the other end of the scale, wellbeing was lowest among unemployed people (49.4), single adults (56.0), women aged 18-29 (57.3), and lower-income earners (57.5). In terms of quarterly movements, the largest improvement occurred among women over 65 (+0.6), while the sharpest falls were among men aged 50-64 (-5.1) and in the $50-75,000 age group.

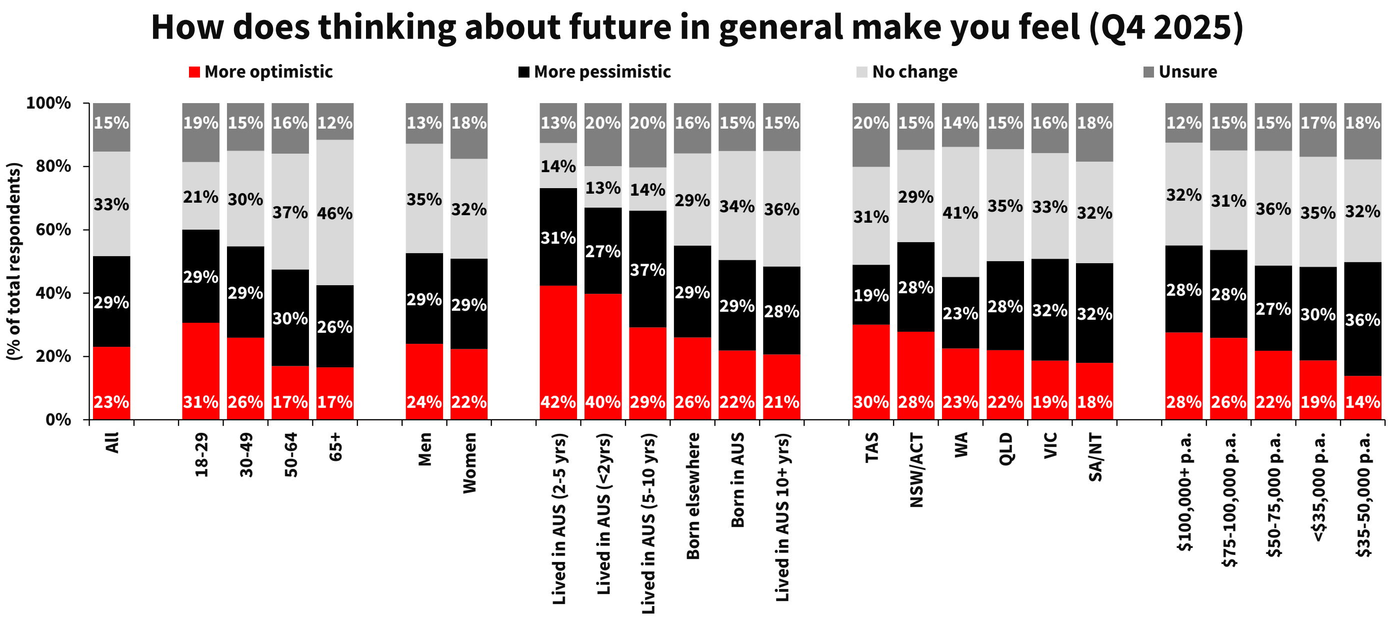
All states reported below average wellbeing in December. QLD again posted the highest score (64.6), while VIC was lowest (61.1). Wellbeing also slipped across all regions, ranging from 63.0 in capital cities to 61.2 in rural areas. By income, wellbeing fell from 65.4 among higher-income earners to 57.5 for those on lower incomes. A slight rise in the lower-income group combined with a fall in higher-income households narrowed the wellbeing "gap" to 7.8 (though still above the average of 6.8).

Despite an overall decline, men (63.8) continued to report higher wellbeing than women (61.8), with this driven largely by much lower scores among women for not anxious yesterday (53.9 women; 59.6 men). Australians over 65 continue to report the highest wellbeing despite falling (to 73.0 from 73.4). Scores declined progressively by age, reaching their lowest among 18-29 year olds (59.1). The 50-64 age group experienced the largest quarterly drop (to 61.5 from 65.2). Homeownership remains strongly linked to wellbeing - those who owned outright recorded significantly higher scores (70.6) than those with a mortgage (64.1).



Lower wellbeing also flowed through to declining optimism about the future. The share of Australians who felt optimistic fell to 23%, down from 25% in September and 27% a year ago - well below the long-term survey average of 30%. Optimism closely correlates with age, dropping from 31% among 18-29 year olds to just 17% for those over 50. Men remain slightly more optimistic than women (24% vs. 22%). Optimism also rises with income, from 14% in the lower-income group to 28% among higher-income earners. Across the states, it also ranged widely, from a high of 30% in TAS to just 18% in SA/NT and 19% in VIC.

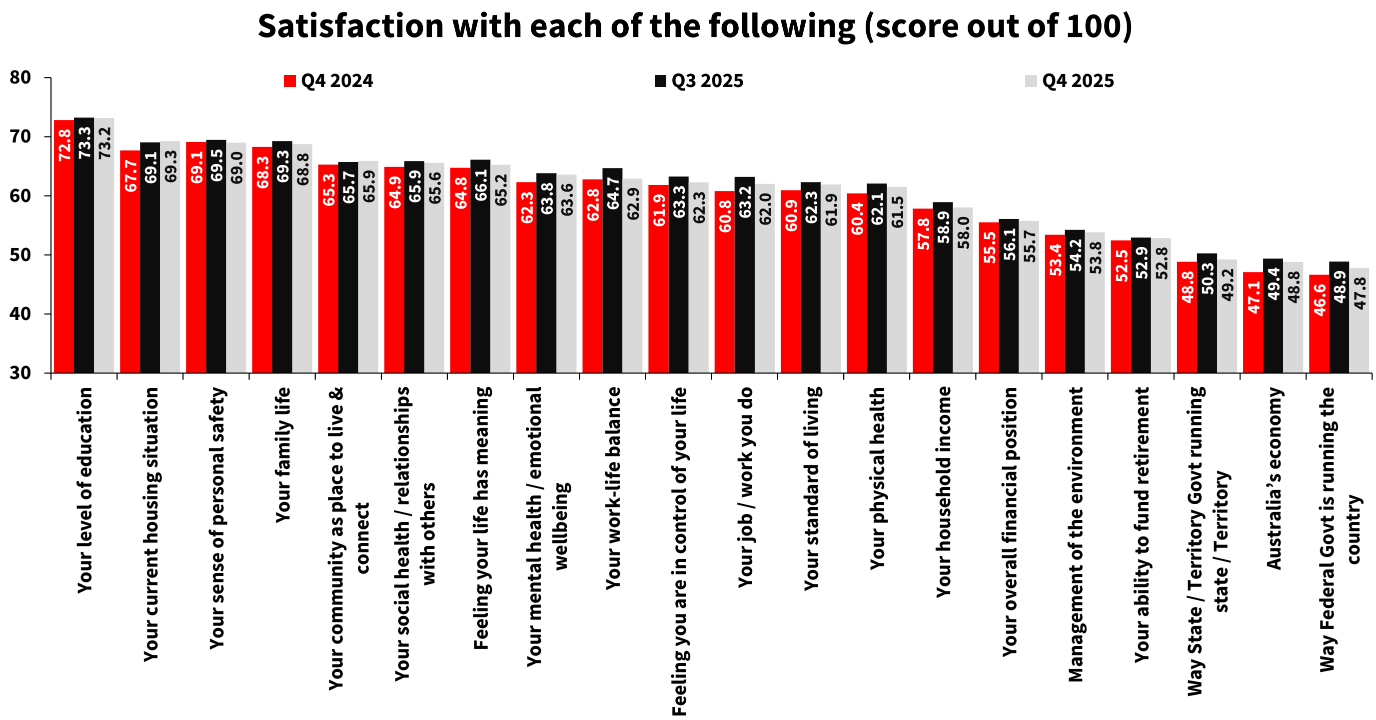
Migrants remain significantly more optimistic about the future than those born in Australia, particularly recent arrivals. Around 4 in 10 who migrated within the past five years said they feel optimistic, compared with around 2 in 10 people born here - likely reflecting perceptions of improved safety, freedom, and economic opportunity.



	More optimistic	More pessimistic	No change	Unsure
All	23%	29%	33%	15%
18-29	31%	29%	21%	19%
30-49	26%	29%	30%	15%
50-64	17%	30%	37%	16%
65+	17%	26%	46%	12%
Men	24%	29%	35%	13%
Women	22%	29%	32%	18%
Lived in AUS (2-5 yrs)	42%	31%	14%	13%
Lived in AUS (<2yrs)	40%	27%	13%	20%
Lived in AUS (5-10 yrs)	29%	37%	14%	20%
Born elsewhere	26%	29%	29%	16%
Born in AUS	22%	29%	34%	15%
Lived in AUS 10+ yrs)	21%	28%	36%	15%
TAS	30%	19%	31%	20%
NSW/ACT	28%	28%	29%	15%
WA	23%	23%	41%	14%
QLD	22%	28%	35%	15%
VIC	19%	32%	33%	16%
SA/NT	18%	32%	32%	18%
$100,000+ p.a.	28%	28%	32%	12%
$75-100,000 p.a.	26%	28%	31%	15%
$50-75,000 p.a.	22%	27%	36%	15%
<$35,000 p.a.	19%	30%	35%	17%
$35-50,000 p.a.	14%	36%	32%	18%

Life satisfaction reflects how people evaluate their lives as a whole, rather than how they feel in the moment. It is a more stable and reliable measure of wellbeing because it is less influenced by short-term mood changes.

In the December quarter, Australians remained generally satisfied in core lifestyle dimensions - education, housing, safety, and family life but experienced strong dissatisfaction where the economy, governments and long-term financial security intersect. That said, in line with the recent decline in overall life satisfaction, Australians reported feeling less satisfied across several key aspects of their lives that typically underpin broader life satisfaction.



Satisfaction remained highest for education (73.2), current housing (69.3), personal safety (69.0) and family life (68.8). By contrast, satisfaction was lowest for the way the Federal (47.8) and State (48.8) governments are running the country, and for the economy overall (49.2) and retirement funding (52.8). The largest declines in satisfaction in December were linked to work-life balance (down 1.8 to 62.9), jobs (down 1.2 to 62.0), perceptions of Federal (down 1.1 to 47.8) and State government performance (down 1.1 to 49.2), feeling in control of one's life (down 1.0 to 62.3), feeling life has some meaning (down 0.9 to 65.2) and household income (down 0.9 to 58.0). The only areas showing even marginal improvement were current housing (up 0.2 to 69.3) and community as a place to live and connect (up 0.2 to 65.9).

Across states, NSW and QLD generally perform well, scoring highly on education (73.9 in both), housing (NSW 69.5; QLD 69.1) and personal safety (70.9 and 71.1). In contrast, VIC consistently posts some of the lowest results, particularly for personal safety (63.7), feeling in control of life (59.6), standard of living (56.3) and household income (56.3). SA and the ACT sit in the mid-range, though the ACT has notably weak mental wellbeing (57.3). TAS often performs strongly in community and safety. Financially focused indicators - including overall financial position (as low as 52.7 in the 18-29 group) and retirement readiness - remain among the lowest-rated domains nationwide. Satisfaction with State governments ranged widely from 39.2 in VIC to 56.1 in WA - refer to table below.

By age, a clear generational divide dominates the data. Australians over 65 report the highest satisfaction across almost every dimension - particularly housing (81.4), personal safety (75.0), family life (77.9), mental health & emotional wellbeing (75.7), and work-life balance (73.8). Meanwhile, 18-29 year olds record some of the lowest scores in key emotional and financial-related categories, with mental wellbeing at just 59.3, life control at 58.0, and ability to fund retirement at 49.6. The 30-49 group sits in the middle but shows signs of strain, particularly in income (56.5), work-life balance (61.3) and overall financial position (53.7). Older working-age Australians (50-64) also show weakening results in economic-related areas.

Gender gaps are pronounced. Men consistently record higher satisfaction across most lifestyle and financial domains - particularly mental wellbeing (65.4 vs. 61.9 for women), standard of living (64.0 vs. 59.9), work-life balance (64.1 vs. 61.7) and life control (64.2 vs. 60.6). Women score slightly higher in social and community dimensions but face noticeably lower satisfaction in financial measures, including retirement ability (48.7 vs. 57.1 for men).

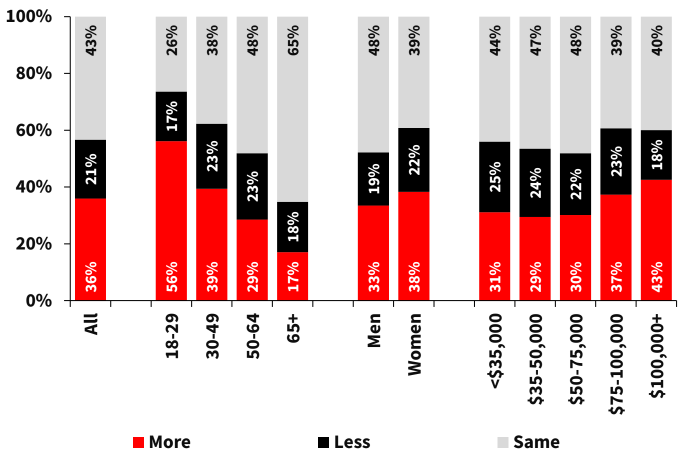
Satisfaction with each of the following (score out of 100): Q4 2025

	All	NSW	VIC	QLD	SA	ACT	WA	TAS	18-29	30-49	50-64	65+	Men	Women
Level of education	73.2	73.9	72.4	73.9	71.4	71.6	72.8	71.5	70.4	70.5	74.1	79.9	72.6	73.6
Current housing situation	69.3	69.5	68.5	69.1	70.9	65.2	69.1	72.6	64.1	64.7	69.9	81.4	69.5	69.1
Sense of personal safety	69.0	70.9	63.7	71.1	70.8	70.3	71.3	67.2	66.9	67.4	67.9	75.0	70.1	67.9
Family life	68.8	68.8	67.7	69.1	71.0	66.5	68.9	70.5	66.2	65.8	67.3	77.9	68.1	69.4
Community - live & connect	65.9	66.7	64.4	66.3	67.7	63.3	66.0	64.8	63.5	62.4	64.5	75.5	65.7	66.1
Social health/relationships	65.6	65.7	65.2	66.4	67.5	62.0	64.5	63.6	63.3	62.1	63.7	75.6	65.8	65.5
Feeling life has meaning	65.2	66.4	63.8	65.7	64.9	65.2	64.8	64.2	64.4	62.6	62.3	73.5	65.1	65.5
Mental / emotional wellbeing	63.6	63.9	61.9	65.0	63.5	57.3	64.6	65.1	59.3	59.2	63.0	75.7	65.4	61.9
Work-life balance	62.9	63.6	61.6	64.2	61.8	58.7	61.8	63.7	60.0	61.3	62.9	73.8	64.1	61.7
Feeling in control of your life	62.3	62.4	59.6	64.7	63.9	60.9	62.8	64.6	58.0	58.8	61.2	73.5	64.2	60.6
Job/work you do	62.0	62.9	60.0	65.1	59.4	51.0	61.1	63.2	62.2	60.7	62.0	67.2	63.1	61.1
Standard of living	61.9	58.3	56.3	59.2	57.1	57.5	59.2	59.4	60.2	59.7	58.5	70.8	64.0	59.9
Physical health	61.5	63.3	60.0	62.2	57.9	58.4	61.6	60.8	62.0	60.5	58.7	65.7	63.3	60.0
Household income	58.0	58.3	56.3	59.2	57.1	57.5	59.2	59.4	57.3	56.5	55.7	63.7	59.7	56.4
Overall financial position	55.7	56.6	53.6	57.2	55.5	52.4	55.7	58.0	52.7	53.7	53.0	65.1	58.5	53.2
Management of environment	53.8	55.7	51.6	53.6	50.4	52.2	55.8	50.7	55.2	53.8	50.0	56.1	55.4	52.3
Ability to fund retirement	52.8	54.5	51.2	52.4	52.9	53.0	52.7	49.5	49.6	50.3	49.5	63.9	57.1	48.7
Way State Govt running state	49.2	52.5	39.2	52.2	52.7	53.5	56.1	39.4	52.6	49.5	44.9	49.8	50.6	47.9
Australia's economy	48.8	50.6	45.2	46.8	48.2	51.7	54.8	49.9	50.5	50.9	44.4	48.2	50.8	46.9
Way Federal Govt running AUS	47.8	49.9	44.2	45.2	46.5	57.8	54.2	43.5	51.5	50.0	43.1	45.2	48.2	47.5

In control of your life

Feeling in control of one's life is a key foundation of mental wellbeing, motivation, and resilience. When people believe their actions influence outcomes, they typically experience lower stress, better emotional health, and greater confidence in managing challenges. A sense of control also supports more deliberate decision-making by focusing on what they can influence rather than what they cannot. This survey asked Australians for the first time whether they feel more or less in control of their life compared to a year ago.

More or less in control of your life than 12 months ago



Most Australians report a stable or improving sense of control over their lives, with 36% feeling more in control than a year ago and 21% feeling less, indicating a modest net positive shift. Over 4 in 10 (43%) experienced no change.

However, results vary sharply across demographics. Young adults (18-29) show the strongest gains, with over half (56%) reporting increased control, while older Australians - particularly those over 65 - are unchanged (65%), suggesting stability rather than improvement.

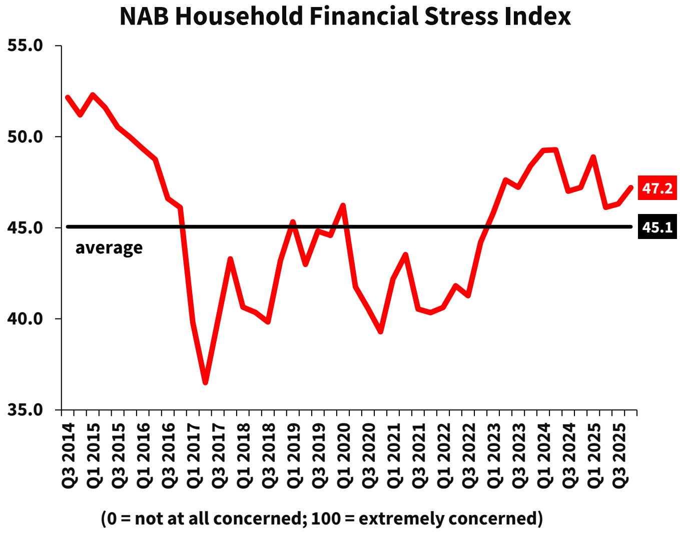
Women are slightly more likely than men to feel both more and less in control, reflecting greater volatility. Higher-income households are far more likely to report increased control (43%), whereas lower-income earners show greater signs of strain (around 3 in 10).

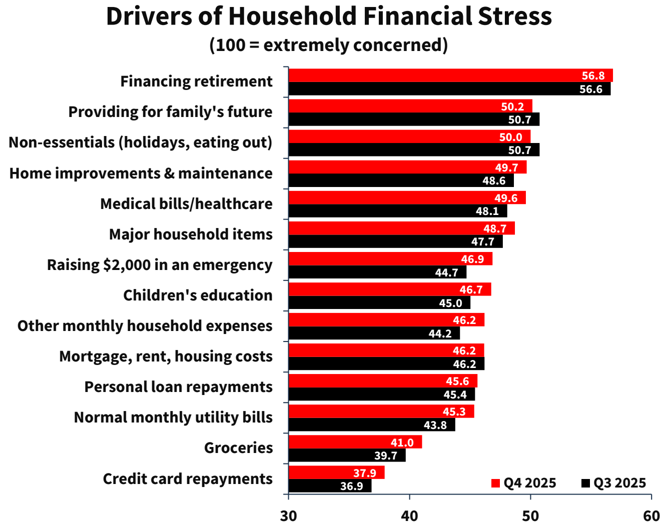
Overall, the findings highlight a nation experiencing gradual improvement but marked by deep age and income divides.

Household Financial Stress

The **NAB Household Financial Stress Index** focuses on how financial pressures shape Australians' wellbeing. It brings together multiple cost-related stressors - including healthcare, housing, utilities, credit and personal loans, education, groceries, insurance, holidays, entertainment, unexpected expenses, retirement funding, household items, and home maintenance. Despite these pressures, many households continue to show strong financial resilience. Importantly, financial stress and resilience often coexist. Understanding this relationship helps reveal how people adapt during periods of strain. Not all groups however experience stress equally.

NAB's Household Financial Stress Index rose for the second consecutive quarter, lifting to 47.2 in December from 46.3, and remains above the survey average (45.1). This increase aligns with broader signs of rising consumer strain, with the NAB Consumer Stress Index also climbing for a second quarter in December to be above both last year's level and its long-term average. Shifting expectations around interest rates - with earlier cuts now a distant memory for many consumers - have likely contributed to the upswing in stress. Heightened concerns about job security, now at their highest point since March 2020, are also playing a significant role.

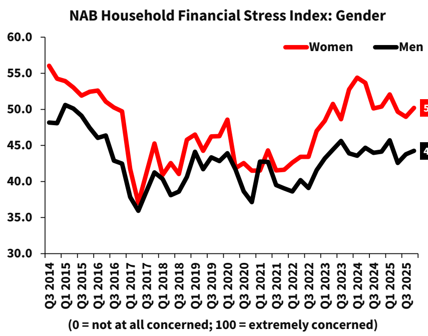


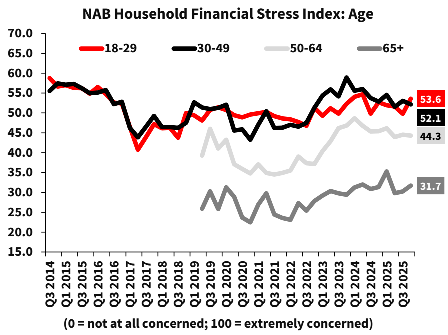


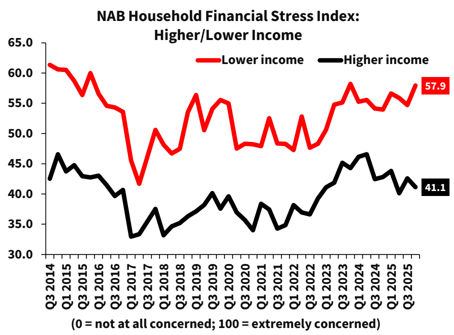
Heightened financial stress among Australians continues to be driven primarily by concerns about their ability to fund retirement, with this component rising slightly to 56.8 (up from 56.6). People often worry about financing retirement due to present bias - the tendency to prioritise immediate needs and wants over long-term goals. This can lead to under-saving for retirement, as individuals discount the future benefits of saving in favour of current spending. Additionally, the uncertainty and complexity involved in predicting future needs and investment returns can cause anxiety, as many people feel ill-equipped to make confident financial decisions about their retirement years.

The next largest contributors were stresses related to providing for the family's future (50.2 vs. 50.7), spending on non-essentials (50.0 vs. 50.7), home improvements & maintenance (49.7 vs. 48.6), medical bills and healthcare (49.6 vs. 48.1), and major household items (48.7 vs. 47.7).

Stress associated with raising $2,000 for an emergency increased the most (46.9 vs. 44.7), followed by children's education (46.7 vs. 45.0) and normal monthly utility bills (45.3 vs. 43.8). Although credit card repayments (37.9 vs. 36.9) and groceries (41.0 vs. 39.7) also increased, they added the least to overall financial stress. Almost all index components are now trending above their long-term survey averages, except for providing for the family's future, which is on par with the survey average.







Financial stress remains unevenly distributed across the population, reflecting structural differences in income, age, gender and household balance sheets. Stress levels are highest in lower-income households (57.9), younger Australians aged 18-29 (53.6), those in the family-formation years (30-49) at 52.1 and women (50.2) - groups that typically face a combination of higher spending needs, lower financial buffers and more exposure to variable or unsecured debt. In contrast, stress is lowest among Australians over 65 (31.7), higher-income earners (41.1) and men (44.2), typically reflecting lower debt burdens, greater asset accumulation and higher financial resilience.

Across all demographics, retirement funding remains the dominant contributor to financial stress. Even among younger Australians, long-term financial security weighs heavily, while for those aged 30-49 - already juggling mortgages, child-related costs and rising essential expenses - it peaks at 61.8, the highest of any age group. For lower-income earners, retirement stress (66.5) is amplified by limited savings capacity and greater exposure to income volatility.

NAB Household Financial Stress Index: Key groups (Q4 2025)

	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Financing retirement	**56.8**	60.4	53.2	57.7	61.8	59.5	44.0	66.5	51.2
Providing for family's future	**50.2**	53.4	47.1	56.9	56.1	47.0	32.8	57.0	46.6
Non-essentials (holidays, eating out)	**50.0**	53.7	46.2	57.3	54.7	47.0	37.0	59.4	44.2
Home improvements & maintenance	**49.7**	53.0	46.3	54.6	54.2	48.3	37.4	59.0	44.2
Medical bills/healthcare	**49.6**	53.6	45.6	55.2	54.3	49.3	36.1	60.1	42.9
Major household items	**48.7**	52.0	45.4	55.0	52.9	47.7	36.0	61.5	41.6
Raising $2,000 in an emergency	**46.9**	50.5	43.1	56.5	52.2	44.0	30.8	63.0	39.1
Children's education	**46.7**	47.9	45.8	51.7	51.7	36.3	20.3	50.8	43.0
Other monthly household expenses	**46.2**	49.7	42.7	52.7	51.1	43.9	33.8	57.9	39.1
Mortgage, rent, housing costs	**46.2**	49.3	42.9	52.5	50.5	42.7	29.8	56.5	39.7
Personal loan repayments	**45.6**	47.2	44.2	53.8	48.3	39.3	26.7	57.0	38.3
Normal monthly utility bills	**45.3**	48.8	41.9	51.3	51.1	43.4	31.6	57.6	38.6
Groceries	**41.0**	43.4	38.8	47.7	47.1	38.4	26.7	53.2	34.4
Credit card repayments	**37.9**	39.9	36.3	47.2	44.0	33.4	21.0	51.6	33.1
NAB Financial Stress Index	**47.2**	**50.2**	**44.2**	**53.6**	**52.1**	**44.3**	**31.7**	**57.9**	**41.1**

Gender differences are pronounced and consistent. Women report higher stress in every spending category, with the largest gaps in medical and healthcare costs (53.6 women; 45.6 men), discretionary spending (53.7 vs. 46.2), retirement funding (60.4 vs. 53.2) and the ability to raise $2,000 in an emergency (50.5 vs. 43.1). These patterns mirror broader structural pressures, including lower average incomes, higher rates of part-time work and disproportionate care responsibilities.

The age gradient is equally stark. Young adults (18-29) mostly experience acute stress in liquidity-related areas - particularly emergency funding (56.5), credit card (47.2) and personal loan repayments (53.8) and non-essential spending (57.3) - suggesting limited financial buffers and greater reliance on short-term credit. By contrast, Australians over 65 record the lowest stress across all categories, largely due to reduced housing costs and lower exposure to personal and consumer debt.

Income continues to be the strongest predictor of financial stress. Lower-income households report markedly higher stress across almost every category - particularly emergency funds (lower-income 63.0; higher-income 39.1), major household items (61.5 vs. 41.6), normal monthly utility bills (57.6 vs. 38.6), groceries (53.2 vs. 34.4), other monthly household expenses (57.9 vs. 39.1), personal loan repayments (57.0 vs. 38.3) and credit card repayments (51.6 vs. 33.1) - highlighting the impact of fixed essential costs rising faster than incomes. Higher-income households report lower stress overall but still express elevated concern around long-term financial commitments such as retirement and home maintenance, consistent with larger asset bases requiring ongoing investment.

Taken together, this suggests that while financial stress is widespread, its underlying drivers differ sharply across demographic groups. Liquidity constraints dominate among the young and low-income households, while structural disparities persist for gender and income groups. The comparatively low stress levels among older Australians highlight the long-term benefits of debt reduction and asset accumulation but also underline the steep financial journey required to reach that position.

Financial stress continues to vary meaningfully across Australia, with rural households experiencing the highest levels (51.1) due to weaker financial buffers and elevated essential cost pressures. Stress is lower in capital (46.5) and regional (47.3) cities. TAS reports the lowest stress nationally (44.2), while VIC and SA/NT record the highest level (48.4), though differences across major states remain relatively narrow - refer to table below.

Across all states and regions, financing retirement is the dominant source stress, followed by concerns about providing for the family's future. Stress around non-essential spending (e.g. holidays, dining out) and home improvements & maintenance is consistently elevated, particularly in rural areas and SA/NT.

A range of cost of living pressures show meaningful variation. Medical & healthcare stress is highest in rural areas (54.4) and lowest in QLD (47.7). The ability to raise $2,000 in an emergency is also notably more challenging for rural households (53.5).

Education-related stress peaks in QLD (50.7) and is lowest in VIC (44.3). Mortgage and rent stress is lowest in TAS (36.1) and highest in rural areas (49.2). Everyday household expenses such as utilities, monthly bills and groceries create the most strain in rural regions and the least in TAS. Credit card repayment stress remains modest nationwide, with only small differences across the regions.

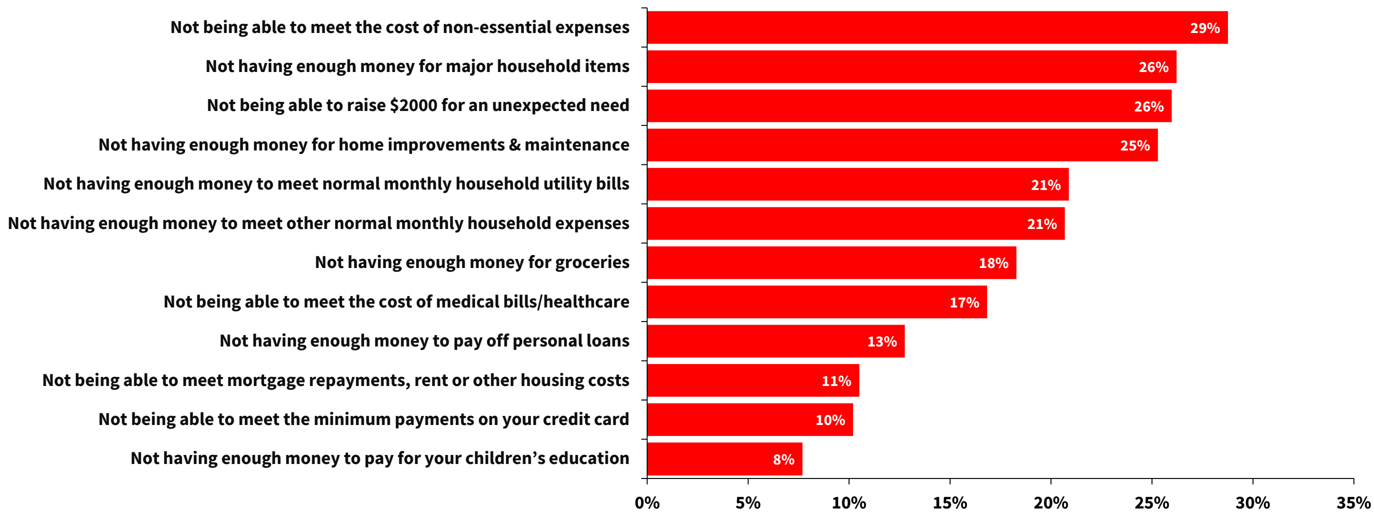
NAB Household Financial Stress Index: States & Regions (Q4 2025)

	NSW/ACT	VIC	QLD	WA	SA/NT	TAS	Capital	Regional	Rural
Financing retirement	55.0	57.6	58.3	57.2	57.7	56.4	56.4	56.2	60.1
Providing for family's future	50.6	50.5	48.1	51.1	51.5	47.5	49.6	50.5	52.9
Non-essentials (holidays, eating out)	49.1	51.0	50.0	49.0	52.3	48.6	49.4	50.1	53.1
Home improvements & maintenance	48.6	51.6	48.0	48.2	53.2	52.2	49.4	49.6	51.4
Medical bills/healthcare	48.4	52.0	47.7	51.1	50.2	49.0	48.9	49.1	54.4
Major household items	47.7	50.9	47.5	47.3	51.8	44.4	48.0	48.3	53.5
Raising $2,000 in an emergency	46.6	48.5	45.0	46.9	47.5	46.7	45.1	48.4	53.5
Children's education	47.3	44.3	50.7	44.7	45.8	49.2	46.4	46.3	49.4
Other monthly household expenses	45.3	48.4	45.5	44.5	48.0	41.5	45.1	46.6	51.3
Mortgage, rent, housing costs	46.6	47.3	44.9	45.8	47.2	36.1	45.9	45.5	49.2
Personal loan repayments	45.5	45.1	47.0	45.8	46.5	37.7	44.2	46.3	52.5
Normal monthly utility bills	44.7	48.1	44.3	43.5	45.7	40.9	44.4	45.9	49.7
Groceries	40.2	43.6	39.4	41.5	40.7	37.2	39.8	42.1	45.8
Credit card repayments	38.0	38.1	36.5	39.8	39.6	31.9	38.0	37.7	38.2
NAB Financial Stress Index	**46.7**	**48.4**	**46.6**	**46.9**	**48.4**	**44.2**	**46.5**	**47.3**	**51.1**

Experiences of financial stress

Even though the NAB Household Financial Stress Index shows stress is rising, looking at how many people actually experienced each type of stress in the past three months reveals which pressures are genuinely biting and who is being hit hardest. This matters because an index alone can imply broad stress, but incidence data tells us where the pressure points actually are - for example whether households are missing bills, struggling with essentials, or facing liquidity shocks. It helps distinguish between groups that are coping and groups that are slipping, allowing the narrative to shift from generalised strain to targeted, evidence-based insight.

Experienced any of these stresses in the last 3 months



New NAB incidence data shows these pressures are translating into real financial difficulty for some groups. In the past three months, 3 in 10 Australians were unable to meet the cost of non-essentials (29%), while around 1 in 5 struggled with essential expenses such as utilities (21%), other household bills (21%), groceries (18%) and medical bills & healthcare (17%). Over one-quarter could not raise $2,000 for an emergency (26%) or for major household items (26%), further underscoring persistent liquidity challenges.

It's younger Australians who typically face higher levels of financial strain with a notably more 18-29 year olds experiencing stress in almost every category, particularly groceries (26%), utilities (24%), other household bills (26%), non-essential expenses (35%) and emergency funds (31%). This reflects lower savings buffers, higher reliance on short-term credit, and greater exposure to rising living costs. Those aged over 65 consistently show the lowest incidence of difficulty across all stress measures - typically one-third to one-half of the national average - supported by lower housing costs, lower debt levels, and more stable income sources.

Experienced any of these financial stresses in the last 3 months

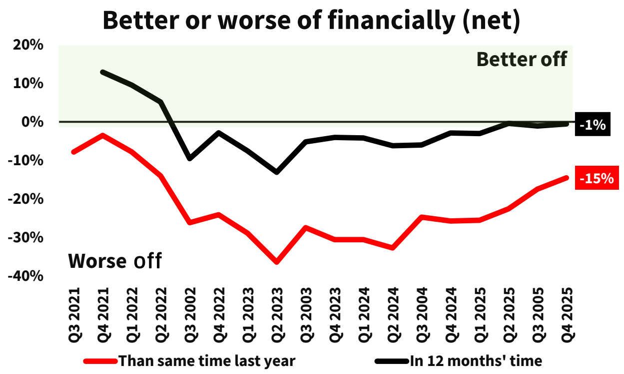
	All	18-29	30-49	50-64	65+	Men	Women	<$35,000	$35-50,000	$50-75,000	$75-100,000	$100,000+
Not being able to meet the cost of non-essential expenses	**29%**	35%	32%	30%	16%	24%	33%	43%	30%	31%	28%	22%
Not having enough money for major household items	**26%**	30%	29%	27%	16%	22%	31%	44%	30%	30%	27%	18%
Not being able to raise $2000 for an unexpected need	**26%**	31%	29%	26%	15%	22%	30%	48%	28%	30%	25%	16%
Not having enough money for home improvements & maintenance	**25%**	28%	30%	24%	16%	21%	30%	36%	32%	25%	28%	20%
Not having enough money to meet normal monthly household utility bills	**21%**	24%	23%	23%	11%	18%	24%	36%	23%	24%	22%	13%
Not having enough money to meet other normal monthly household expenses	**21%**	26%	23%	22%	11%	17%	24%	34%	26%	24%	24%	12%
Not having enough money for groceries	**18%**	26%	20%	18%	9%	18%	19%	35%	22%	19%	19%	11%
Not being able to meet the cost of medical bills/healthcare	**17%**	22%	19%	18%	7%	15%	19%	25%	21%	20%	18%	12%
Not having enough money to pay off personal loans	**13%**	22%	16%	9%	2%	11%	14%	17%	10%	16%	15%	11%
Not being able to meet mortgage repayments, rent or other housing costs	**11%**	14%	14%	9%	2%	10%	11%	15%	14%	12%	13%	7%
Not being able to meet the minimum payments on your credit card	**10%**	12%	13%	9%	4%	9%	11%	13%	8%	13%	12%	8%
Not having enough money to pay for your children's education	**8%**	11%	11%	6%	1%	8%	8%	10%	4%	10%	9%	7%

Gender gaps are evident but moderate. Slightly more women were unable to meet all these obligations than men, particularly utilities (24% vs. 18%), non-essential expenses (33% vs. 24%), raising $2,000 (30% vs. 22%) and home improvements & maintenance (30% vs. 21%). This aligns with broader findings on income, savings capacity and financial vulnerability.

Households earning under $35,000 are under severe pressure, with significantly more Australians in this group experiencing all these stresses in the last 3 months, often double the national average, including groceries (35%), utilities (36%), non-essential expenses (43%) and ability to raise $2,000 (48%). These households also show elevated numbers of having a been unable to make a repayment in all loan categories.

Taken together, the findings point to a widening financial divide. Headline measures show only modest increases in financial stress levels, but beneath the surface lies a concentration of stress among younger and financially vulnerable Australians. The interplay of rising living costs, income constraints, and structural disparities highlights the need for targeted support and policy responses aimed at strengthening financial resilience and addressing long-standing inequities.

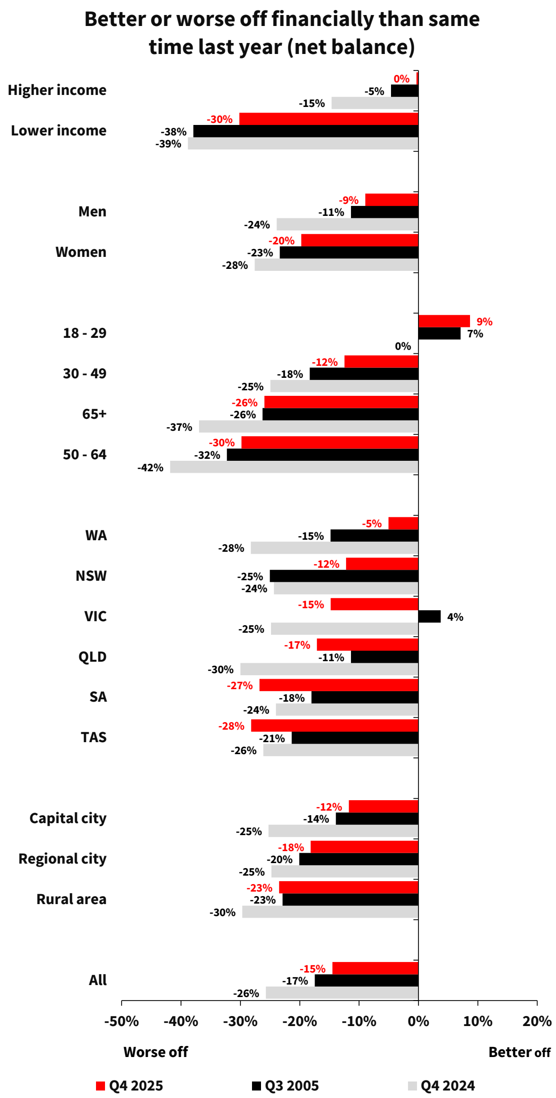
How households feel they are travelling financially

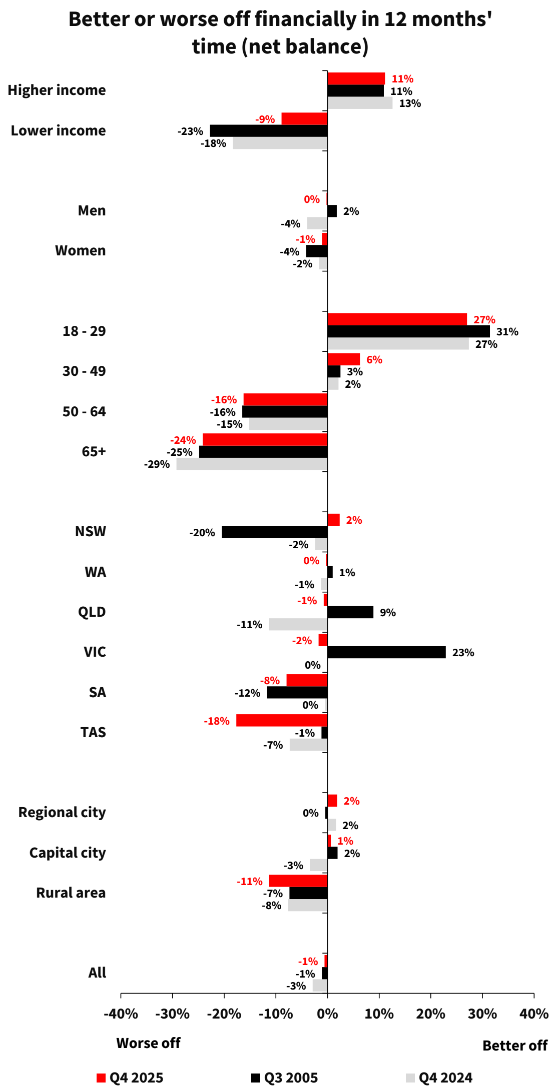


Household financial stress rose further in December, but fewer Australians felt worse off than a year ago. The net share reporting they were worse off eased to -15%, down from -17% in September and -26% a year earlier. This suggests that while pressures remain, the pace of deterioration has slowed - a tentative sign the worst of the squeeze may be passing.

Expectations for the year ahead were steady at -1% in December but down marginally from -3% last year. Australians remain cautious - neither clearly optimistic nor pessimistic and do not expect things to get significantly better or slide sharply from here.

How Australians feel about their financial position compared to last year is spread unevenly across age, income and geography. In December, 18-29 year olds were the only group who reported a net positive outcome (+9%). In all other age, gender and income cohorts, conditions remain negative on balance, but the intensity of that negativity moderated. There were also clear differences across states and regions. Relative to the previous quarter, more Australians felt worse off in VIC (-15% from +4%), QLD (-17% vs. -11%), SA (-27% vs. -18%) and TAS (-28% vs. -21%). However, Australians feeling worse off in WA (-5% vs. -15%) and NSW (-12% vs. 25%) moderated notably. Even so, the broader pattern points to stabilisation rather than ongoing decline. Overall, the picture compared to the same time last year is one cautious steadiness - Australians are not yet feeling better off, but the financial slide that marked much of the past year quarter is showing signs of slowing - even if meaningful recovery remains uneven and highly dependent on household income, age, and geography.





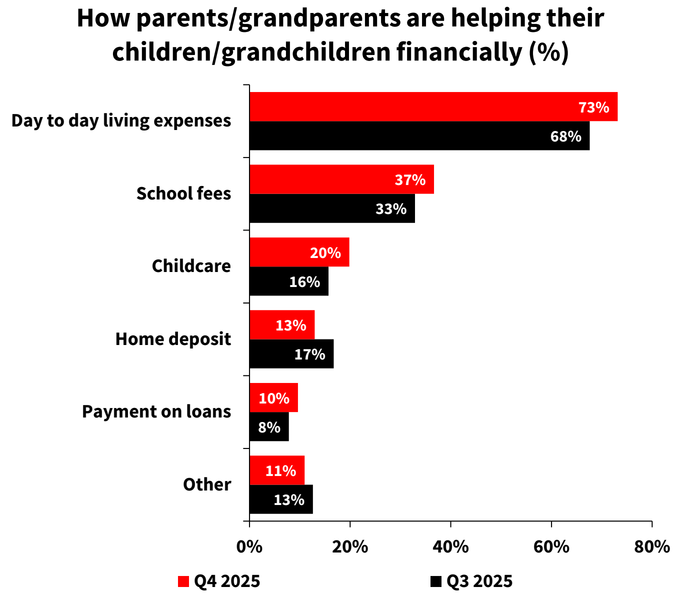
Despite headline neutrality on whether households expect to feel better or worse off over the next year, the December results show important divergences. Optimism outweighs pessimism in several states and demographic groups. NSW is the only state with net positive expectations (+2%), with sentiment roughly balanced in WA (0%), QLD (-1%) and VIC (-2% but sharply lower than +23% previously). Expectations are materially weaker in TAS (-18%) and SA (-8%). Regional (+2%) and capital city (+1%) households report modestly positive expectations, while rural sentiment softened (-11%).

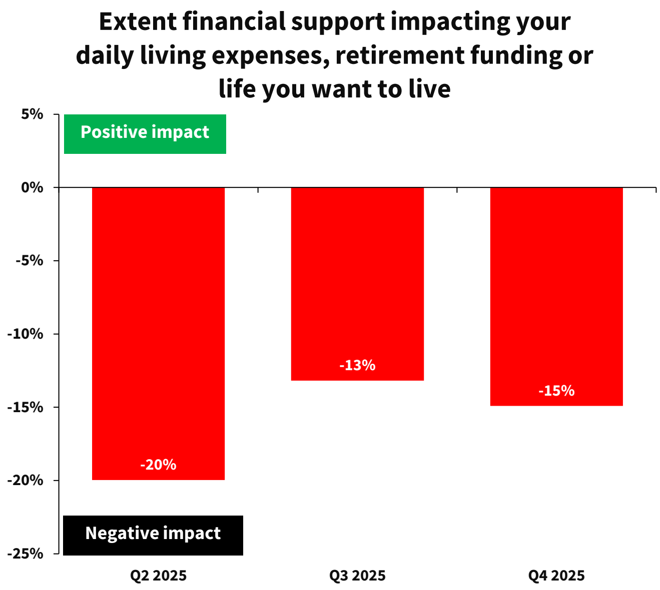
Younger and Australians -particularly those aged 18–29 (+27%) and 30-49 (+6%) - maintain relatively optimistic outlooks, with pessimism remaining more widespread in 50-64 (-16%) and over 65 (-24%) age groups. Gender expectations are broadly balanced.

In essence, while the national outlook appears steady, it masks widening disparities. Younger and higher-income Australians are cautiously optimistic, while those aged over 50 and households in TAS in particular expect ongoing pressure. Financial stress is likely to remain unevenly distributed, and any expectations of emerging stability is far from universal.

The role of parents & grandparents in providing financial support

People help their children or grandchildren financially for a mix of emotional, social, economic, and strategic reasons. At the most basic level, parents and grandparents care deeply about their descendants' wellbeing. Helping financially is a way of expressing love, responsibility, and concern. Many parents feel they haven't "finished" parenting when children turn 18. Grandparents also often describe helping as a way to stay connected and useful. Psychologists further note that people derive satisfaction, emotional fulfilment and wellbeing from supporting close family, especially when they can directly see the impact on quality of life or opportunities.





Financial support from parents and grandparents continues to play an increasingly important role in helping younger Australians manage rising living costs and financial pressures. Around one in seven households now provide assistance to non-dependent children or grandchildren, increasing to around one in five among those aged over 50 and higher-income earners.

Most assistance is directed toward day-to-day living expenses, with nearly three quarters (73%) of contributors providing support for this purpose (up from 68% in September). Contributions to school fees (37% up from 33%), childcare (20% up from 16%) and loan repayments (10% up from 8%) also increased. Fewer households however helped them with a home deposit (13% down from 17%) or other reasons (11% vs. 13%).

This growing reliance on intergenerational support highlights the financial strain many younger households face - from elevated cost of living pressures to higher affordability challenges. It also reinforces how financial resilience is increasingly being shared across family networks.

However, providing financial support to adult children can carry significant - and often underestimated - consequences for some parents and grandparents.

In December, more Australian households reported that assisting their children or grandchildren had a net negative impact on their own day-to-day living expenses, ability to fund retirement, or maintain their lifestyle (-15% up from -13% in September, though below the -20% recorded in June).

While emotionally rewarding, this support can also reshape supporters' household budgets, restrict lifestyle choices and heighten financial anxiety. Without clear boundaries, what begins as temporary help can compromise supporters' long-term financial independence and lifestyle.

The impact of income, savings, and debt

Wage Price Index data for September shows that wages rose by 0.8% over the quarter and 3.4% over the year, leaving wages growth steady, though easing slightly from its 2023 peak but still broadly aligned with inflation. Consistent with NAB's assessment, wage developments at present do not appear to be a significant source of inflationary pressure.

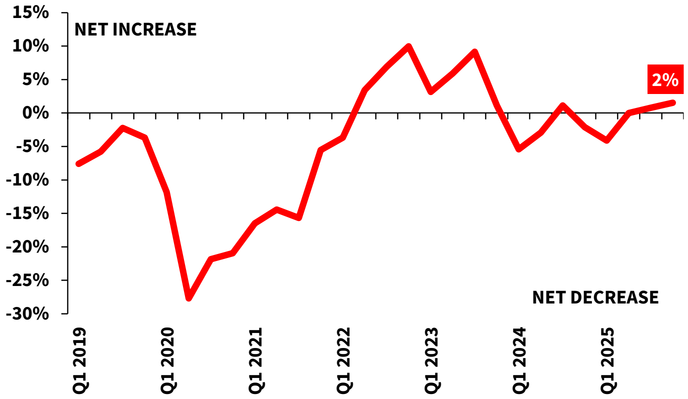
Despite the stability in official wage measures, self-reported income movements reveal more varied experiences across the population. Overall, a net +2% of Australians said their income or pay had increased over the past three months, a modest improvement from +1% in September. Beneath this, however, outcomes differ meaningfully across demographic groups.

Women were more likely to say their incomes had fallen, with the net balance slipping to -3%, down from -1% previously. In contrast, men reported stronger income growth, with the net balance rising to +6% from +3%. Age also played a clear role. Prime-age workers between 30-49 reported the strongest improvement, with the net balance increasing to +5% from +2%. Younger workers aged 18-29 saw a softening, recording +3% compared with +5% previously. Australians over 65 experienced a turnaround, with a net +3% reporting higher incomes after a small net decline in the previous quarter (-2%). Those aged 50 to 64 reported the sharpest deterioration, with the net balance falling significantly to -8% from -2%.

Income patterns also diverged. Low-income earners saw an improvement, with notably fewer reporting declining incomes (-4% from -12%). Higher-income earners, however, continued to record the strongest gains, with a net +10% reporting income increases, compared with +8% previously.

Together, these results highlight a labour market in which overall wage pressures remain contained, but widely varied experiences. Men and prime-age workers continue to fare better, while women and those aged 50 to 64 report more income strain. Income polarisation is also evident, with high-income earners maintaining a clear advantage even as conditions improve somewhat for lower-income groups.

What happened to your level of household income in last 3 months (net balance)



What happened to your level of household income (net balance)

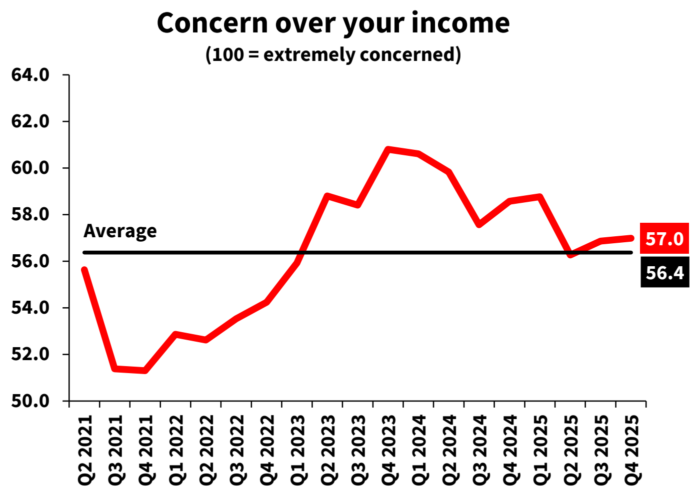
	Last 3 months	Previous Quarter
Women	-3%	-1%
Men	+6%	+3%
Age 18-29	+3%	+5%
Age 30-49	+5%	+2%
Age 50-64	-8%	-2%
Age 65+	+3%	-2%
Lower income	-4%	-12%
Higher income	+10%	+8%

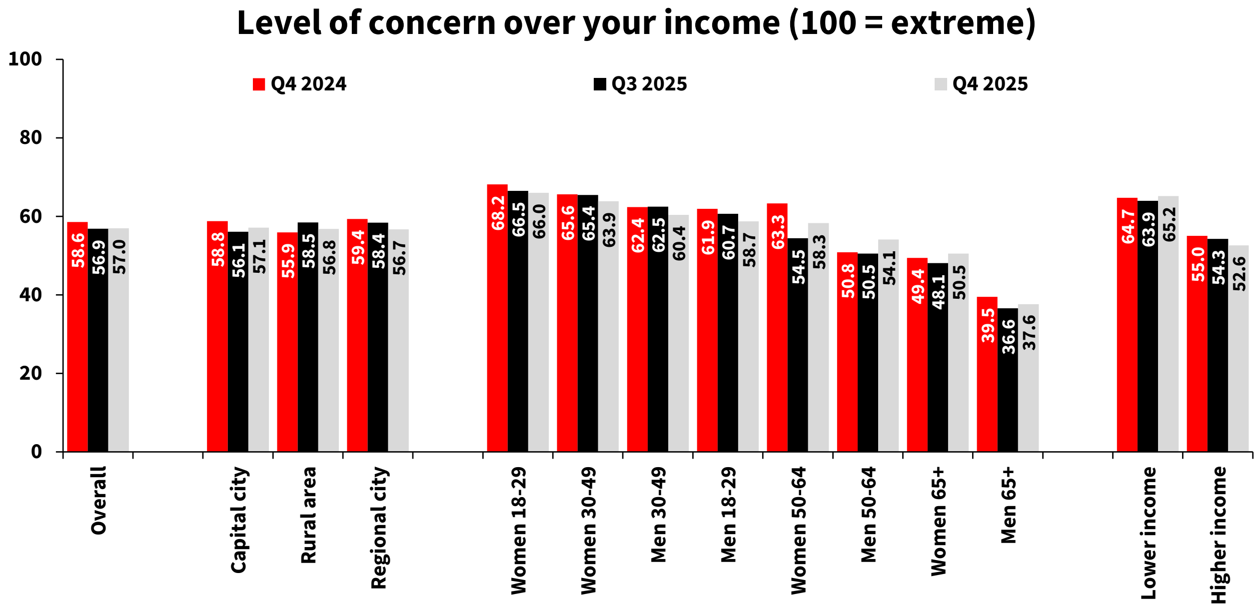
Australians' concern about their income edged higher for the second consecutive quarter, rising to 57.0 from 56.9 and remaining above the long-run average of 56.4, despite reported improvements in household incomes.

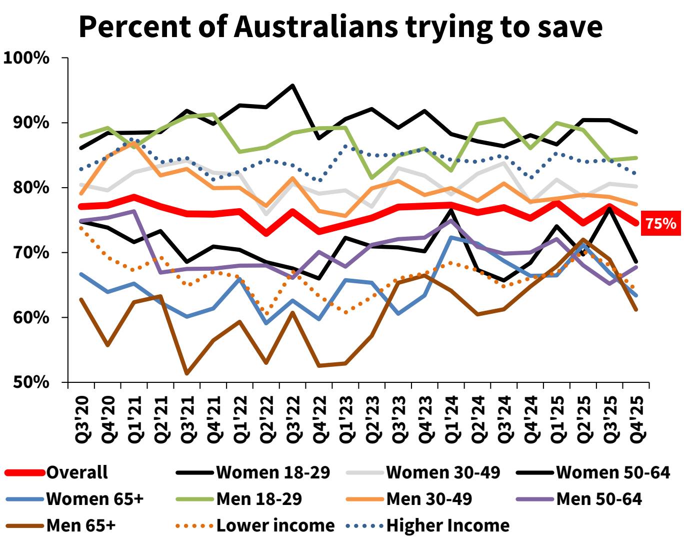
Concern increased mainly in capital cities (up to 57.1 from 56.1), while easing in rural (56.8) and regional areas (56.7) as earlier anxiety receded - refer to chart below.

Women continued to report higher-income concern than men across all age groups, with the gap particularly pronounced among younger Australians and over 65s.

Differences also widened across income brackets. Concern among lower-income households climbed sharply to 65.2 (from 63.9), reflecting persistent cost of living pressures on those with limited buffers. By contrast, concern in higher-income households fell to 52.6 (from 54.3), remaining materially lower than the lower-income group.







Savings aspirations softened slightly in the December quarter, with three-quarters (75%) of Australians reporting that they were trying to save - down from 77% previously and now sitting just below the long-term average (76%).

While the decline is modest, it suggests that ongoing cost of living pressures are beginning to erode people's ability or intention to put money aside, even as many continue to demonstrate strong financial discipline in other areas.

Savings intent varies markedly with age. Younger Australians continue to display the strongest motivation to save, with both women and men aged 18-29 exhibiting the highest levels of saving behaviour (89% and 85% respectively). This likely reflects their sharper awareness of housing affordability constraints, financial instability and the need to establish longer-term security. Savings aspirations decline progressively through middle age, before stabilising somewhat among older Australians, who may be drawing down accumulated savings or facing fixed-income constraints.

Income remains a powerful determinant of saving behaviour. Savings aspirations fell meaningfully among lower-income households, dropping to 64% - below their own long-term average (66%). These households continue to face the greatest pressure, consistent with the broader survey findings showing elevated stress across virtually all essential expense categories and difficulty raising emergency funds. Higher-income households also reported a slight softening, though their savings aspirations remain significantly stronger (82%).

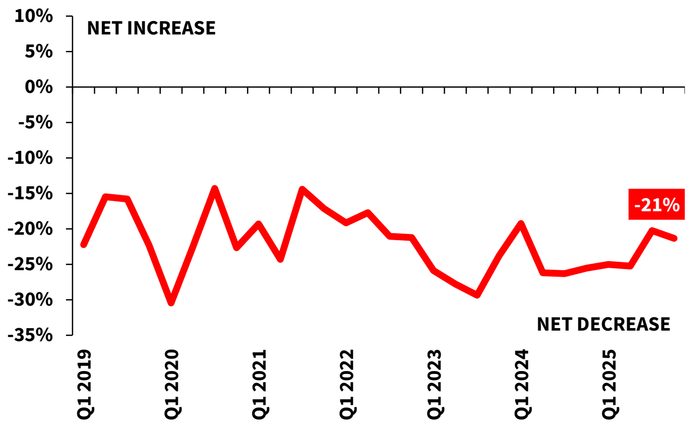
Overall, the data points to a pattern of cautious resilience. Australians continue to value saving - 3 in 4 still aim to put money aside - but the ability to do so is being challenged by persistent cost of living pressures. Younger Australians remain highly motivated savers, while lower-income households are increasingly constrained. This nuance aligns with the broader themes running through the survey - rising financial stress, widening income-based divides, and a population striving to maintain financial resilience even as savings capacity comes under pressure.

Australia's household saving ratio rose to 6.4% in September, up from 6.0% in the June quarter, marking a modest rebuilding of savings. This lift reflects an improvement in real disposable incomes, supported in part by recent tax cuts and energy rebates. However, official measures can mask lived experiences. Self-reported data shows that while fewer Australians say their savings are falling compared to a year earlier, the overall balance remains negative at –21% (-26% a year ago), indicating that many households still feel financially stretched.

Beneath the aggregate, remains unevenly shared. Gender divergence has widened. A growing share of women reported falling savings (-28% down from -26% in the last quarter), compared with a stable -14% for men. This suggests women may be facing disproportionately higher financial pressures, potentially linked to income gaps, caring responsibilities, or labour-market participation differences.

Income remains a strong differentiator of savings outcomes. Low-income households reported a notable deterioration in December (-42% down from -36% in September), suggesting that cost of living pressures continue to erode financial buffers at the bottom of the distribution. In contrast, higher-income respondents reported an improved position (-5% from -12%), reinforcing the idea that the recent lift in aggregate savings is driven disproportionately by those with greater financial capacity.

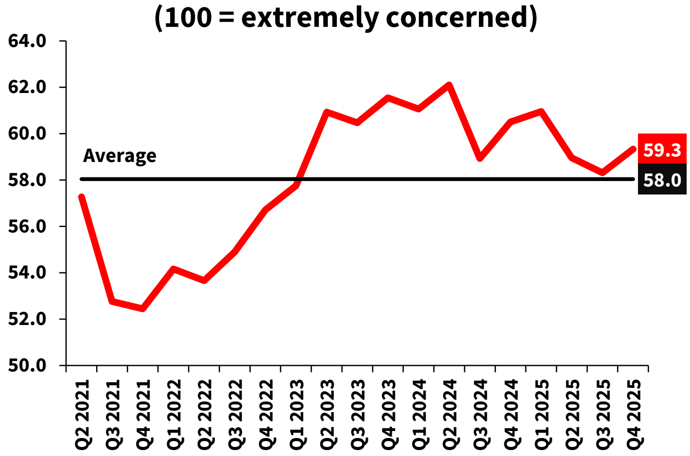
What happened to your level of household savings in the last 3 months (net balance)



What happened to your level of household savings (net balance)

	Last 3 months	Previous Quarter
Women	-28%	-26%
Men	-14%	-14%
Age 18-29	-8%	-6%
Age 30-49	-19%	-23%
Age 50-64	-32%	-28%
Age 65+	-29%	-22%
Lower income	-42%	-36%
Higher income	-5%	-12%

Concern over your level of savings (100 = extremely concerned)

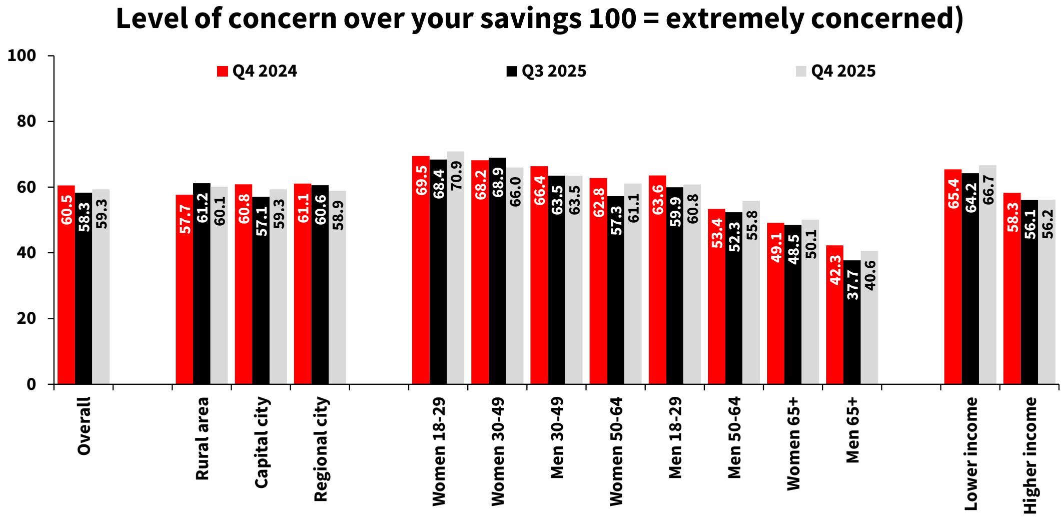


Australians' concern about their savings to edged higher in the December quarter, rising to 59.3 from 58.3 in September, and remaining above the long-run average of 58.0. The increase was driven primarily by respondents in capital cities, where concern lifted to 59.3 (from 57.1). In contrast, concern eased modestly in rural (60.1 from 61.2) and regional (58.9 from 60.6) areas - refer to chart below.

Women continued to report higher levels of savings concern than men across all age groups, with overall concern particularly elevated among Australians under 50. Differences across income groups also widened. Concern among lower-income households rose to 66.7 (from 64.2), while concern among higher-income households declined was broadly unchanged at 56.2, remaining materially below the lower-income group.

The latest data suggest that savings anxiety among Australians remains persistently elevated, reflecting ongoing pressures on household budgets and cautious financial sentiment. The rise in concern among capital city residents may indicate greater sensitivity to higher living costs, while the sharper divergence across income groups underscores the disproportionate strain on lower-income households, who are likely feeling the pinch of cost of living pressures more acutely.

Meanwhile, the consistently higher concern among women and those under 50 hints at structural and lifecycle factors - such as uneven income growth, childcare expenses, or less accumulated wealth - continuing to shape financial confidence. Overall, the pattern points to a cautious consumer landscape, with ongoing implications for spending behaviour and economic sentiment.

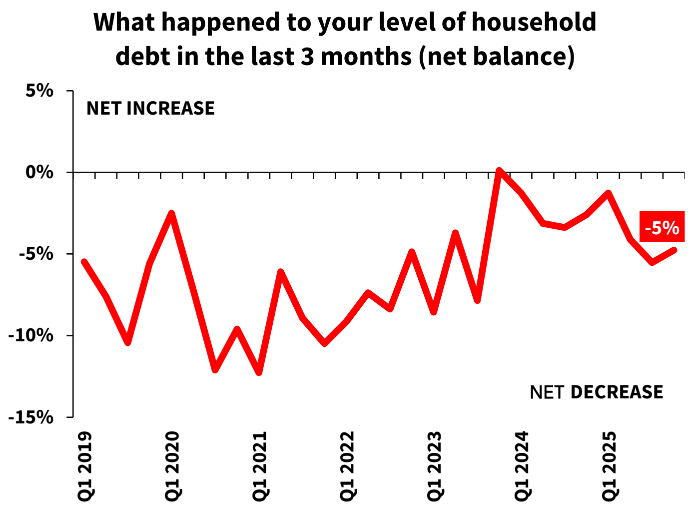


Slightly fewer Australians on average reported a decrease in their household debt levels in December to -5% (from -6% in September but above -3% reported at the same time last year).

Perceptions of falling household debt levels however were uneven across groups. In the December quarter, fewer men reported a fall in household debt (-7% from -10%), whereas slightly more women reported that debt levels declined (-3% from -2% previously). However, over twice more men than women still made inroads into lowering household debt levels than women over the past three months.

By age group, younger adults were more likely to report falling debt, with 18-29 year-olds the only age group in which more people reported a decline (-6% vs. -2%). Among 30-49 year-olds (-2% vs. -4%) and 50-64 years olds (-4% vs. -8%), however the proportion reporting lower debt halved, while reports of falling debt among over 65 were broadly steady (-9% vs. -10%) and highest overall.

Income continues to be the strongest driver. In the lower-income group, more people reported rising rather than falling debt, with the net balance doubling to +4% (from +2%). In contrast, a larger share of higher-income respondents indicated falling debt levels (-13% vs. -9%). This suggests that lower-income households are increasingly taking on debt amid persistent cost pressures, while higher-income households are paying down debt at a faster pace.



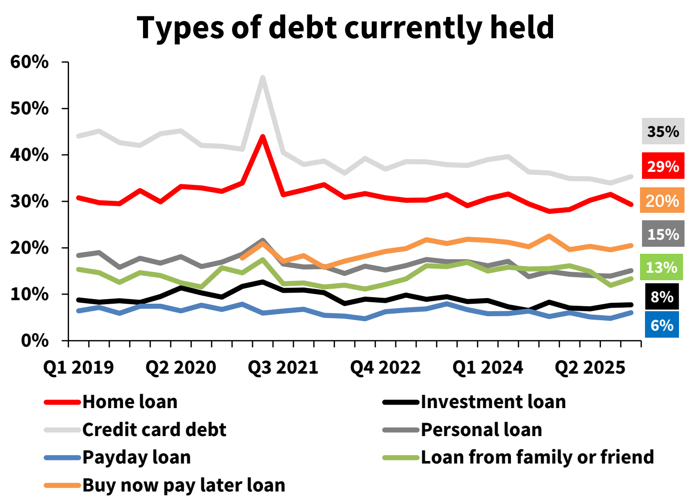
What happened to your level of household debt (net balance)

	Last 3 months	Previous Quarter
Women	-3%	-2%
Men	-7%	-10%
Age 18-29	-6%	-2%
Age 30-49	-2%	-4%
Age 50-64	-4%	-8%
Age 65+	-9%	-10%
Lower income	+4%	+2%
Higher income	-13%	-9%

Most Australians held credit card debt in December (35%), followed by home loans (29%), BNPL (20%), personal loans (15%), loans from family or friends (13%), investment loans (8%) and pay day loans (6%). Debt profiles however vary sharply across demographic and income groups, underscoring the different financial pressures and credit behaviours within the Australian population.

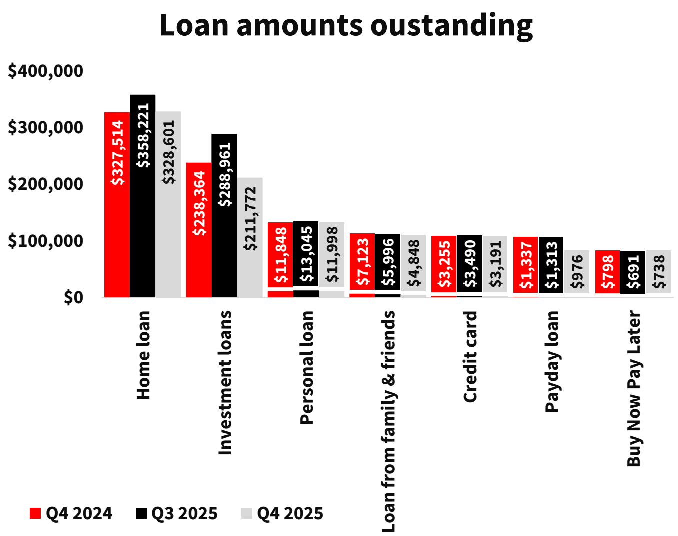
Younger adults (18–29) are the most reliant on short-term and high-cost credit, holding the second highest levels of BNPL (26%), and the highest levels of personal loans (24%), loans from family and friends (22%) and payday loans (11%). This points to limited savings buffers and a greater need for liquidity. In contrast, middle-aged Australians (30-49) are in their peak borrowing years, with 42% holding a home loan by far, the highest of all age cohorts. They also show elevated use of BNPL, payday loans, credit cards and personal loans, reflecting mortgage commitments, family costs, and broader financial responsibilities. Debt incidence among older Australians over 65 is markedly lower across almost all categories, though credit card balances remain relatively common (39%), suggesting credit use for everyday spending despite lower overall debt exposure.

Income remains the clearest differentiator in financial behaviour. Lower-income households are significantly more likely to rely on BNPL (24%), loans from family or friends (20%) and payday loans (8%) - forms of credit typically associated with financial stress. Meanwhile, higher-income households are far more likely to hold home loans (45%), credit cards (39%), and investment loans (12%), highlighting greater capacity for long-term asset accumulation.



Types of debts currently held (Q4 2025)

	Credit card	Home loan	BNPL	Pers. Loan	Family Friends	Invest loan	Payday loan
All	**35%**	**29%**	**20%**	**15%**	**13%**	**8%**	**6%**
Women	34%	29%	22%	14%	14%	6%	5%
Men	37%	30%	19%	16%	13%	9%	7%
18-29	25%	24%	26%	24%	22%	8%	11%
30-49	34%	42%	27%	19%	16%	9%	8%
50-64	45%	32%	17%	12%	10%	9%	4%
65+	39%	11%	8%	3%	3%	4%	1%
Low Inc	23%	10%	24%	16%	20%	2%	8%
High Inc	39%	45%	20%	17%	9%	12%	5%



Australians holding these debts estimated how much was also outstanding. It remains highest but eased for home loans ($328,601 from $358,221) and investment loans ($211,772 vs. $288,961). Australians also reported lower outstanding loan balances for most other debt - personal loans ($11,998 vs. $13,045), loans from family or friends ($4,848 vs. $5,996), credit cards ($3,191 vs. $3,490) and payday loans ($976 vs. $1,313). BNPL debt however increased ($738 vs. $691).

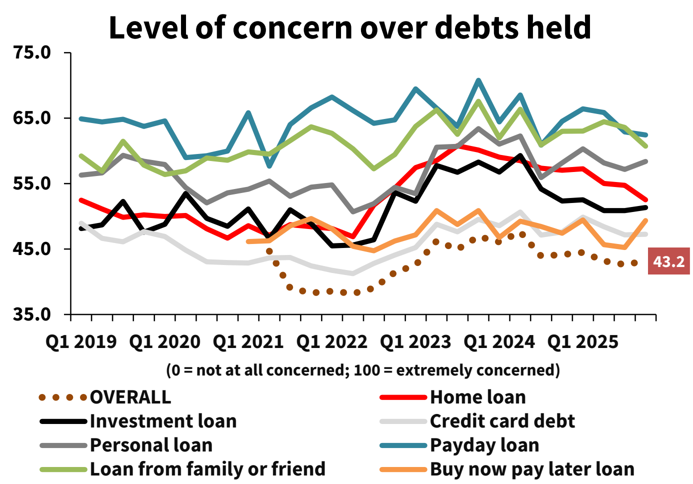
Outstanding loan balances show clear lifecycle and income-driven patterns. Home loans remain the dominant form of debt, with an average balance exceeding $350,000 and peaking among 30-49-year-olds ($440,586) and higher-income households ($413,769). These groups also carry the largest investment loan balances ($373,365 and $359,084 respectively). In contrast, lower-income households hold minimal investment debt, reflecting limited capacity to leverage long-term credit or build wealth through assets.

Current outstanding balances on loans: Q4 2025

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Home loan	**$358,221**	$356,361	$440,586	$251,904	$141,918	$345,891	$372,877	$147,070	$413,769
Investment loan	**$288,961**	$105,604	$373,365	$260,520	$282,387	$299,774	$275,215	$3,404	$359,084
Personal loan	**$13,045**	$9,614	$13,442	$18,467	$15,373	$13,521	$12,393	$6,346	$16,212
Loan from family & friends	**$5,996**	$3,335	$5,530	$11,952	$16,542	$7,086	$5,062	$1,301	$11,566
Credit card	**$3,490**	$2,583	$4,537	$3,207	$2,736	$3,468	$3,498	$2,605	$4,356
Payday loan	**$1,313**	$654	$1,667	$2,117	$145	$1,366	$1,251	$568	$2,029
Buy now pay later (BNPL)	**$691**	$525	$875	$612	$599	$702	$704	$525	$877

Short-term debts present a different profile. Personal loans typically rise with age and are highest among 50-64 year olds ($18,467), while loans from family and friends peak among over 65s ($16,542), suggesting intergenerational financial support and informal borrowing later in life. Credit card balances are relatively uniform across demographics but highest in the family-formation stage (30-49) at $4,537. Although BNPL and payday loans involve smaller dollar amounts, they show concentrated use. BNPL is higher among middle-aged and higher-income groups, while payday loan balances peak in the 50-64 cohort ($2,117). This indicates that even more financially secure households are using BNPL as part of mainstream credit behaviour, while payday loans remain a signal of liquidity strain.

The overall pattern reinforces the strong influence of both age and income on Australians' debt structures - higher-income households carry large growth-oriented debts, while lower and younger groups rely more on short-term or informal borrowing.



Concern about household debt increased in December, as fewer Australians reported a decline in their overall debt levels. The overall debt concern score rose to 43.2 (42.6 in September), edging above the long-term survey average (42.9) but below the level recorded a year earlier (44.1).

This rise was driven by higher worry across almost all debt categories, particularly BNPL, where concern lifted sharply to 49.3 (from 45.2). Concern was higher for most other forms of debt, except loans from family or friends (60.7 vs. 63.6), home loans (52.5 vs. 54.7), and payday loans (62.4 vs. 62.9).

Despite falling, payday loans are now the most stressful form of debt for Australians, overtaking loans from family and friends. At the other end of the spectrum, credit cards have become the least concerning form of debt (47.2), moving below BNPL.

Concern over debts held Q4 2025: gender, age & higher/lower income

	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Payday loan	**62.4**	60.0	64.3	58.4	66.2	58.6	77.3	75.7	59.0
Loan from family or friend	**60.7**	61.9	60.0	51.7	65.7	64.1	74.0	67.0	57.2
Personal loan	**58.4**	60.6	56.3	58.4	59.2	59.2	47.8	62.6	52.3
Home loan	**52.5**	54.5	50.6	52.8	55.4	50.5	39.0	50.9	49.3
Investment loan	**51.3**	57.4	47.3	57.1	55.6	52.3	25.5	59.2	48.6
Buy now pay later loan	**49.3**	49.6	49.0	53.6	53.2	39.7	34.6	56.0	47.0
Credit card debt	**47.2**	49.9	44.8	49.8	54.3	49.5	32.6	55.9	45.4
Overall Debt	**43.2**	**46.2**	**40.1**	**46.9**	**51.4**	**42.3**	**24.5**	**48.3**	**42.0**

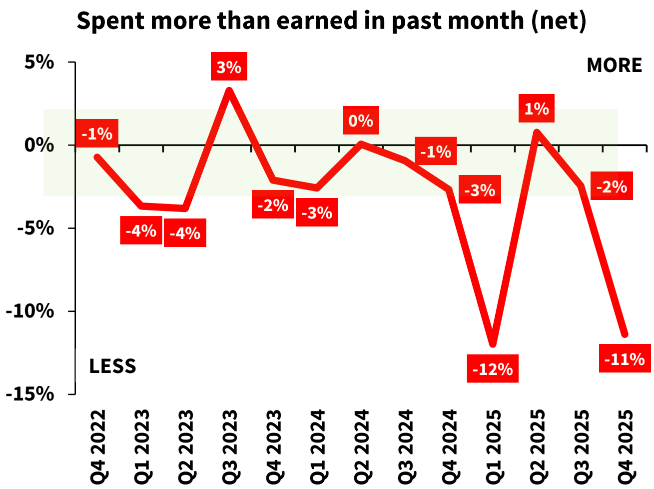
Australians' concern about different types of debt remains highly varied, with the greatest stress concentrated around high-cost or informal forms of borrowing. Payday loans are the most anxiety-inducing overall, followed closely by loans from family or friends - highlighting both financial vulnerability and the emotional strain associated with informal debt.

Stress levels are particularly elevated among lower-income households and younger Australians, who rely more heavily on short-term credit and have fewer financial buffers. By contrast, mainstream debts such as home loans and credit cards generate comparatively lower concern, though pressure is most pronounced among those aged 30-49, reflecting peak mortgage exposure and family-related expenses.

Women consistently report higher levels of concern than men across almost all debt types, pointing to persistent structural and income-related differences in financial security. Meanwhile, older Australians generally express the lowest overall debt concern by a large margin (24.5) and about most debt categories, except when holding payday (77.3) or family-related loans (74.0) where they report extremely high stress, indicating heightened sensitivity to short-term or relationship-based financial obligations later in life. Together, these patterns reveal a complex debt landscape in which stress is shaped sharply by income, gender, life stage and exposure to non-traditional credit.

Spending more than earning

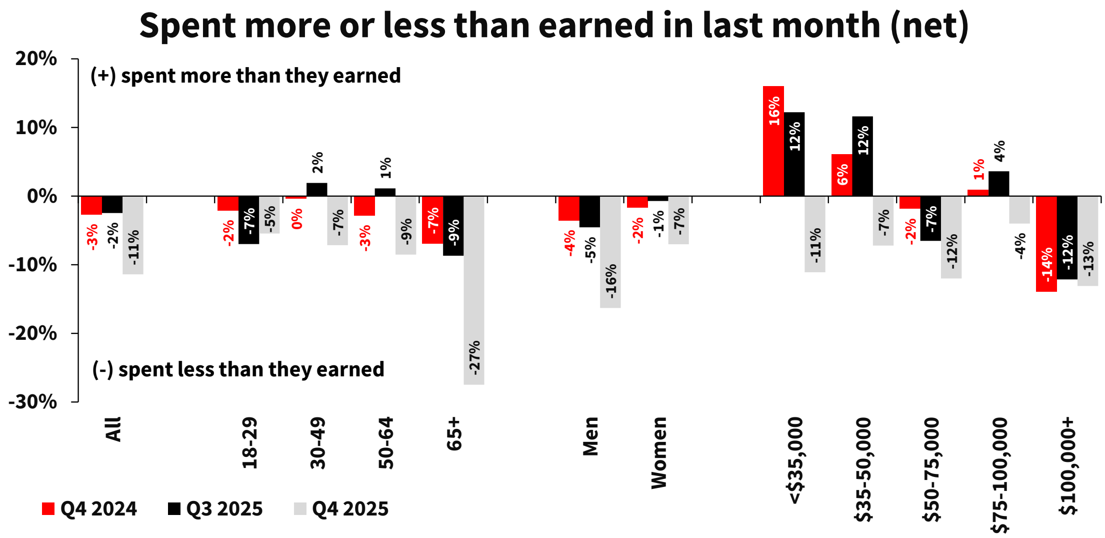
Finally, we track whether people spend more than they earn because it provides a clear signal of financial stress and vulnerability. Persistent over-spending often reflects rising debt and greater exposure to economic shocks. It can also stem from behavioural biases such as favouring immediate rewards or over-confidence about future income. While short-term over-spending may reflect strong confidence or increased credit use, sustained deficits indicate reduced resilience and a higher risk of default.



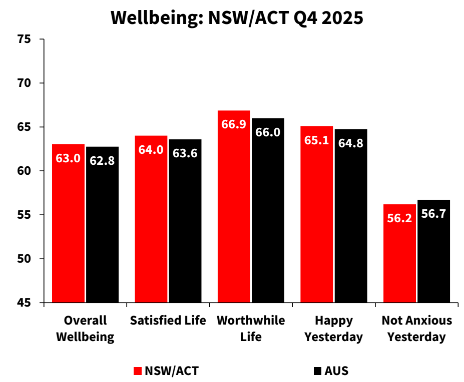
Australians who spent less than the earned in the past month outweighed those who spent more. Encouragingly, the overall net number who spent less increased sharply to -11%, down from -2% in September, signalling that they were more cautious with their spending toward the end of the year.

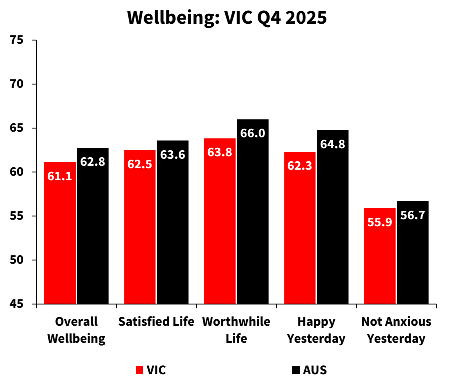
Australians tightened their spending across all age, gender and income groups. However, the data also paints a broader picture of widespread but uneven tightening. Younger Australians (18-29) showed a slight easing in cutbacks (-5% from -7%), while spending restraint intensified notably among 30-49 (-7%) and 50-64 (-9%) year-olds, reversing previous quarterly increases of +2% and +1% respectively. The steepest pullback came from those aged 65+ (-27% from -9%), consistent with pressures faced by fixed-income households.

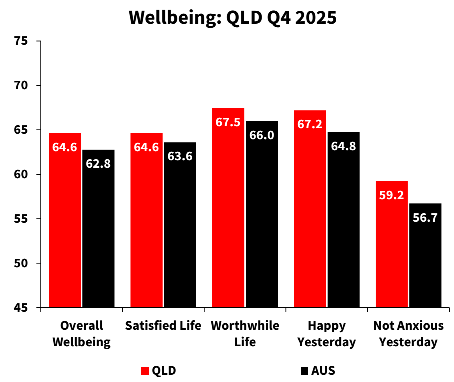
More men and women spent less than they earned, but the contraction was far stronger among men, who shifted from a modest decline (-5%) to a significant net tightening (-16%). Restraint also broadened across income groups. Higher-income (-12%), $50-75,000 (-12%) and lower-income households (-11%) displayed the largest net reductions, while the $75-100,000 (-4%) and $35-50,000 (-7%) cohorts showed comparatively milder tightening. Overall, the data points to broad-based but uneven spending caution, with older Australians, men, and lower-income, middle-income and higher-income earners driving the sharpest pullbacks against a backdrop of ongoing cost of living and interest rate pressures.

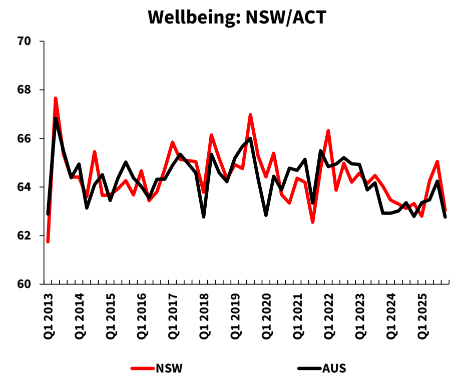


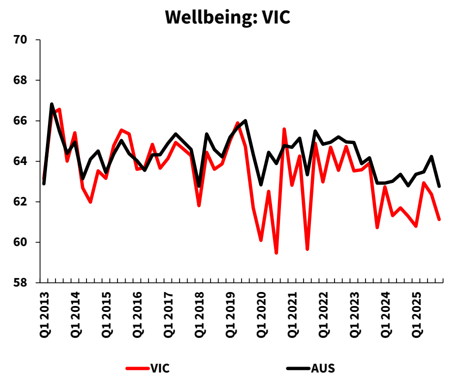
Appendix 1: NAB Wellbeing Index: States

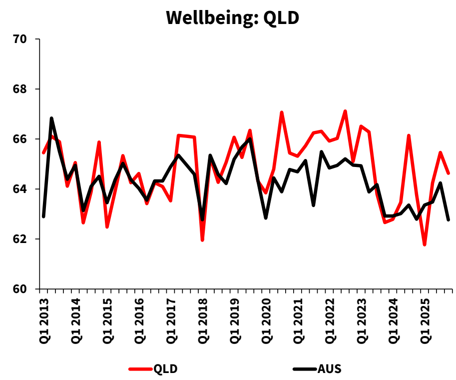


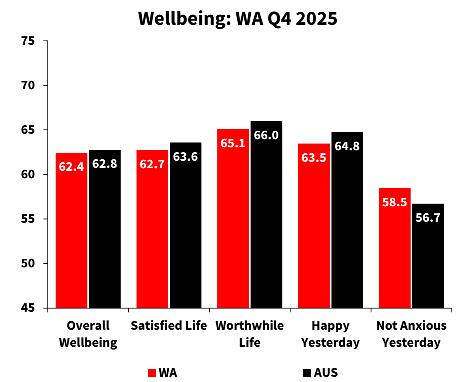


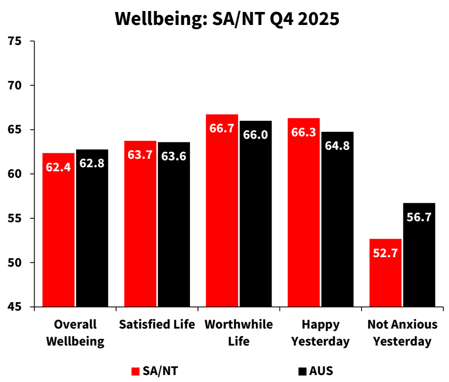


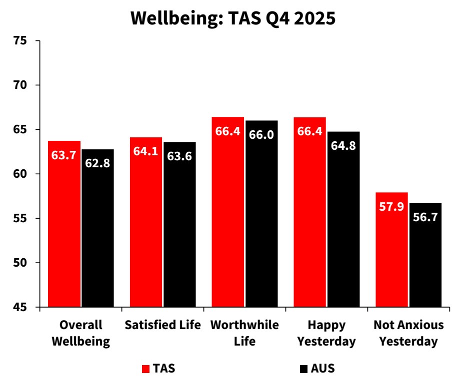


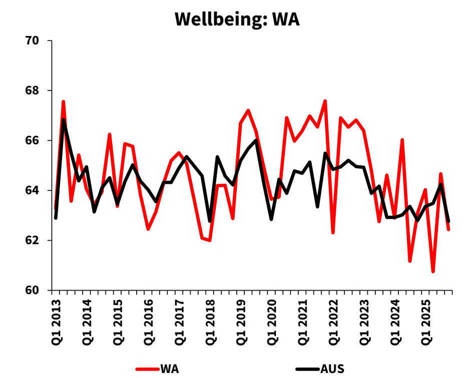


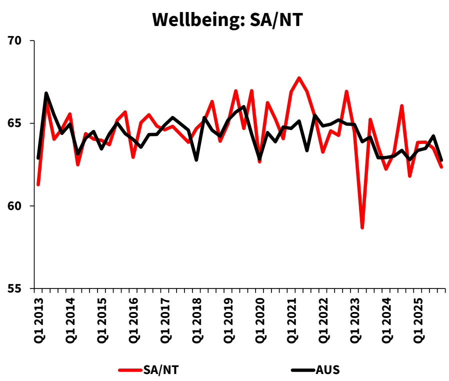


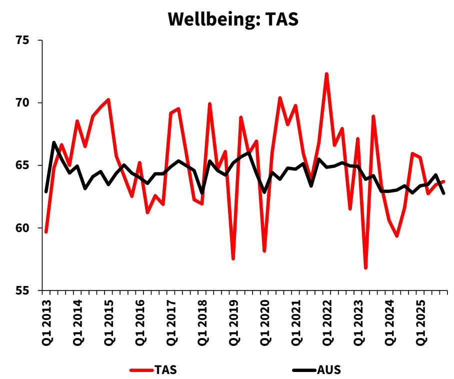




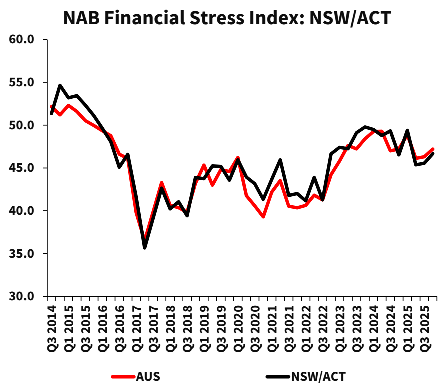


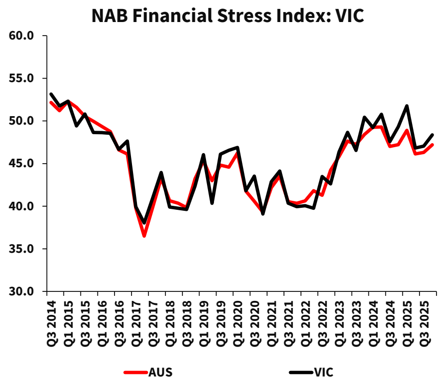


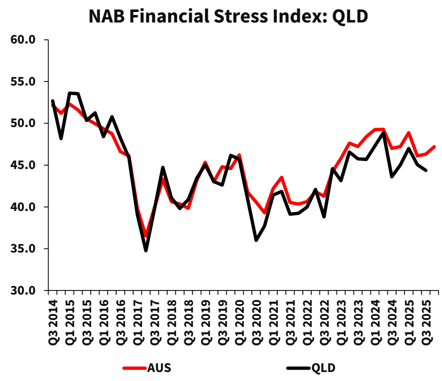


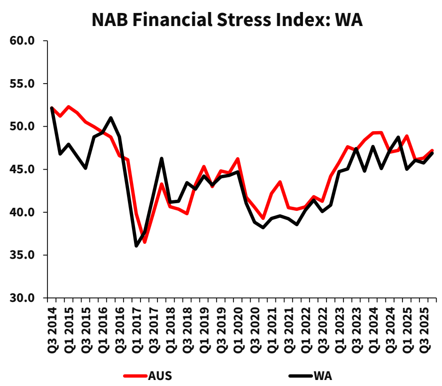


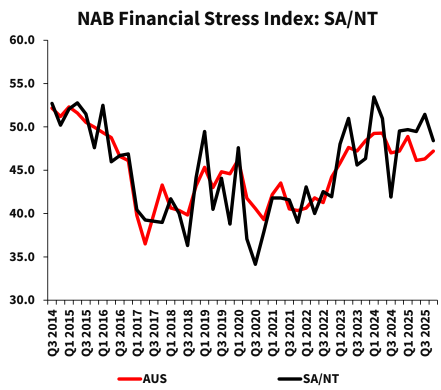
Appendix 2: Financial Stress Index: States & Regions

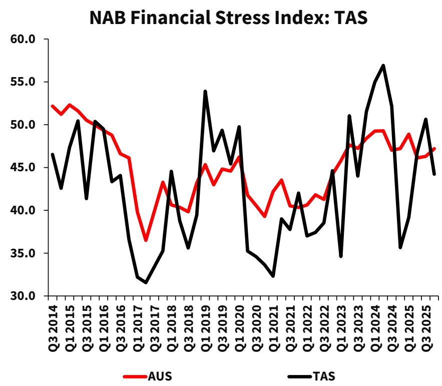


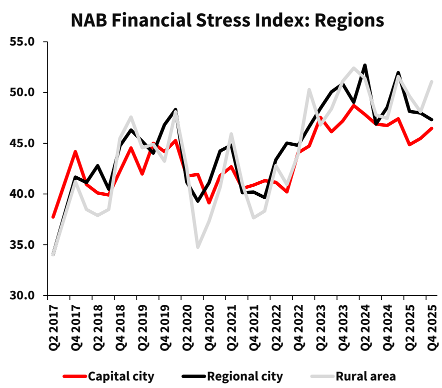












Important Notice

Authors

Dean Pearson,
Head of Behavioural and Industry Economics
Dean.Pearson@nab.com.au
+61 0 457 517 342

Robert De Iure
Associate Director Economics
Robert.De.Iure@nab.com.au
+61 0 477 723 769

Contact

nab.media@nab.com.au