

# Are Millennials more financially astute than their parents?



**Millennials have long been labelled as a generation that spends frivolously, however this article suggests otherwise and implies that parents (and older generations) may have a thing or two to learn from this generation.**

**Heard the saying “The older you are, the wiser you become”?**

**In some cases this is true. Life experience does bring knowledge.**

**HOWEVER the millennial generation is giving this saying a good shake when it comes to money matters.**

Millennials have been labelled travel-loving, experience-seekers and mortgage dodging, yet some reports suggest that parents may have a thing or two to learn from their offspring.

**Millennials are:**

- delaying marriage and starting a family
- studying longer (or starting later), and
- expected to live much longer than generations before them.

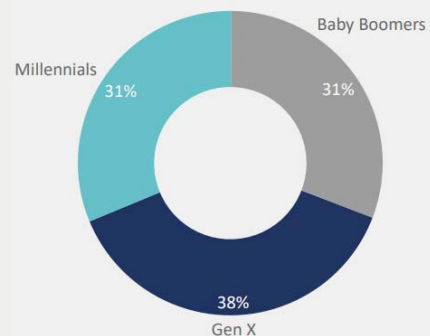
Add to this higher house prices, growing education costs and high cost of living, it's no wonder they are trading carefully when it comes to their finances.

A recent report<sup>1</sup> looked at the spending habits of young millennials (people born between 1981 and 1996) and shares some interesting data.

**Millennials now represent:**

- almost half of our workforce (44% of all workers) and
- one out of every three dollars spent.

**Millennials spend one in every three dollars**  
% of total spending, 2016

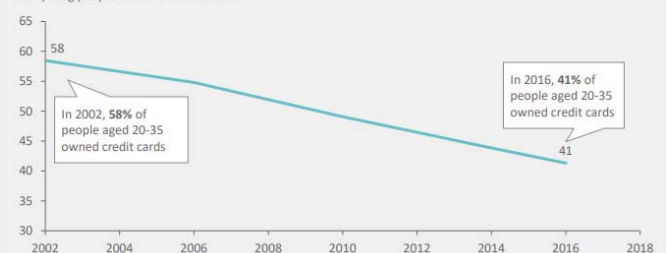


Source: Ipsos survey (December 2018), AlphaBeta analysis

They are turning away from credit cards. The proportion of young Australians with a credit card has fallen from 58% to 41% in the last 14 years.

**Credit ownership rates among young Australians<sup>1</sup>**

% of young people that own a credit card



As young people (2000-2015) Gen X had high credit card ownership rates

As millennials come to dominate the 20-35 age group, the proportion of young people with credit cards has fallen significantly

Source: Ipsos survey (December 2018), AlphaBeta analysis

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Millennials are using Buy Now, Pay Later (BNPL) as an alternative to credit cards. Beware! BNPL comes with its own risks – there's another whole article on that one! However our millennials seem to be managing that as well.

## Millennials are better savers and budgeters than their parents

36% of millennials save regularly compared to just 28% of older Australians.

80% of millennials have a budget compared to just 67% of older Australians<sup>2</sup>.

This tech savvy generation is shaping the future of lending. They want to understand their data, their credit score and are eager to be involved in their finances<sup>3</sup>.

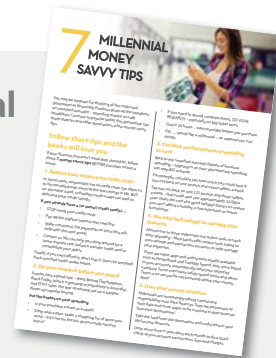
Almost one in three millennials use online tools to track their spending and 72% do their research BEFORE they spend.

On the other hand, research by a major bank shows only 40% of millennials feel on top of their money and one in five don't have savings<sup>4</sup>.

Regardless of these varying reports, there are lessons to be learnt from the millennial generation.

We have seen some of our clients let their guard down on their money matters until it's time to buy a home. They then find themselves disappointed with how much the banks are willing to lend them due to their credit history and spending habits.

Contact us for our 'Millennial money savvy tips' and you will find yourself in a much more favourable position when it comes time to buy your first or next home.



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<sup>1,2</sup> How Millennials Manage Money; Facts on spending habits of young Australians

<sup>3</sup> Australian Broker, Millennials shaping future of lending

<sup>4</sup> ANZ bluenotes, Millennials Keeping time on their side