MEDIA RELEASE

Xero’s ‘Payphoria’ research maps out the Australian payday behaviours

- New research outlines payday behaviours across Australia, revealing emotional and psychological response to earnings
- Research outlines that those who are paid monthly are more likely to save, but one in three workers claim to have less than $100 in their bank account in the days leading up to payday

MELBOURNE, MONDAY, 21 OCTOBER 2019: Rushes of ‘payphoria’ are sweeping over the nation, with new research from global small business platform Xero revealing that many Aussies are feeling the pinch in the lead-up to the pleasure of payday.

The Xero Payphoria Study of 1,000 nationally representative respondents, found that despite these struggles in the countdown to payday, ‘payphoria’ is real. One in three workers have less than $100 in their bank account in the lead-up to payday. In an effort to conserve cash, the study uncovered that many Australians were cutting back on cherished rituals such as coffee and eating out (45 percent), and even delay paying household bills (34 percent) as they count down to payday.

A significant portion (63 percent) of Aussies are having financial difficulties before payday, relying on short-term fixes to support them ahead of payday. To get by, one in five Australians look towards Afterpay, payday loans, credit cards or overdrafts, while 12 percent even ask their friends and family to dip into their pockets to help them get through.

The study also linked the frequency of how often Aussies are paid to their ability to save. It found a higher proportion of workers who were paid monthly were more likely to save, while those who were paid weekly were more likely to be spenders. It also found that those in the city are more likely to be savers than those in rural areas.

“Australians are tightening the purse strings ahead of payday, cutting back on life’s simple pleasures like the morning coffee or eating out. It’s not surprising that when payday does come around, Aussies are experiencing rushes of ‘payphoria’ and are wanting to reward their hard work by spending up,” Angus Capel, Xero Small Business Advocate, said.

Celebrating Payphoria

Half of Australian workers count down the days to their next pay, and a significant number (58 percent) mark the occasion a celebration. For two out of five, payphoria brings about feelings of happiness, followed by a sense of relief.
As part of ‘payphoria’, one in three Australians were spending more money on payday than they ordinarily would, with Australians believing they should be able to splash their hard-earned cash.

For just under one in three Australian workers payday means enjoying their hard-earned money by treating themselves or others, having a night out with friends or family, making an extravagant purchase, booking a trip or event, or buying a new outfit – with 80 percent of workers recognising they work hard and deserve to enjoy their money now.

**Payday Trends**

Those paid weekly are largely happy with the frequency of their pay, one in three of those paid fortnightly and one in two of those paid monthly would prefer to be paid more frequently; almost half of the Australian workforce seek weekly pay, followed closely a preference for a fortnightly pay cycle.

For a quarter of working Australians, the timing of payday impacts people’s lifestyles, primarily making it hard to manage money and meet day to day needs (70 percent), but also encouraging extravagant spending (45 percent).

“Mapping out Australia’s payday trends has shown that people have a huge emotional and psychological response to their earnings. In any discussion of payday, the starting point has to be for employees to be paid on time and accurately, and with the correct benefits. This can be a complex thing to get right, but thankfully there is a range of tools and technologies that can support this. There are also initiatives like the ATO’s Single Touch Payroll (STP) that ensure all small businesses in Australia are reporting their payroll digitally, improving efficiencies and reducing errors. Xero has been working with small businesses across Australia to help them adopt new payroll technologies, ensuring both employers and employees can be supported to do their best work,” continued Capel.

“Findings such as people tend to save more if they are in longer cycles, or that workers in the city and the country have differences in the management of wages casts a spotlight on the economic impact of payday for all Australians, and the economy more broadly. While there are many differences between how people spend their wages, we wanted to define that feeling that we all get on payday and “payphoria” says it all,” Capel added.
Saver vs Spender

Australians consider themselves a nation of savers (70 percent), but more than one in two Australian workers know that they ‘should save more, but that would mean giving up luxuries’. Almost half (45 percent) even plan to be better with saving but it never happens.

Australian workers agree that saving is ‘very important to them as the thought of not having any would worry them’, and that they ‘budget and keep track of expenses and spending habits’. This is especially true among savers.

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<tr>
<th>Savers</th>
<th>Spenders</th>
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<tr>
<td>● 70 percent of Australians identify as savers</td>
<td>● 30 percent of Australians identify as spenders</td>
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<td>● More likely to budget and keep track of expenses and spending habits (87 percent)</td>
<td>● Don’t want to give up luxuries that come with saving (77 percent)</td>
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<td>● Key financial goals are on financial management such as retirement, having an emergency fund and paying off mortgages</td>
<td>● Believe lifestyle is more important than planning for the future (56 percent)</td>
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<td>● Feel worried if they don’t have enough savings (95 percent)</td>
<td>● More likely to use their income to pay off debts like credit card bills (30 percent)</td>
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<td>● More likely to be married with no children and live in metro areas</td>
<td>● More likely to have children under the age of 18 and live in regional areas</td>
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<td>● A higher proportion are paid monthly</td>
<td>● A higher proportion are paid weekly</td>
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Metro vs Regional

Regional/rural dwellers are significantly more likely than metro dwellers to describe themselves as a spender. They tend to be paid weekly, but frequently find themselves with less than $100 before payday. Metro dwellers are more likely to be savers and have a financial plan in place for the future.

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About Xero

Born in the cloud, Xero is a beautiful, easy-to-use platform for small businesses and their advisors around the world. Xero provides its 1.8 million subscribers with connections to a thriving ecosystem of 800+ third-party apps and 200+ connections to banks and financial service providers. On the inaugural 2018 Financial Times FT1000 High-Growth Companies Asia Pacific list, Xero was the fastest growing tech company in the $200 million+ segment. Xero won ‘Bookkeeping software of the year’ from the Institute of Certified Bookkeepers UK in 2018, and was rated by Canstar Blue as the best accounting software in Australia from 2015-2018 and in New Zealand in 2019.

About the Xero Payphoria Study

The Xero Payphoria Study was commissioned by Xero in partnership with Dynata to understand how Australians relate to payday. In August 2019, an online quantitative survey of Australian residents was carried out, interviewing 1,000 Australian workers geographically nationally representative.

Xero’s Payphoria Study was conducted to coincide with the introduction of Single Touch Payroll for all small business employers, as of 1 October 2019. Single Touch Payroll is a new way for employers to digitally report tax and superannuation information to the Australian Taxation Office when running payroll. For Australia’s workers, this means their tax and super information is updated each time they’re paid and visible via their MyGov login.