

THE "SAY-DO" GAP: AUSSIES CONFESS TO FINANCIAL RED FLAGS DESPITE KNOWING BETTER

Choosi's Financial Red Flags Survey reveals a disconnect between what Australians believe is financially responsible and their actual behaviour

SYDNEY, June 2025 – As Aussies continue to face financial pressures and adjust to cost increases, a gap between what Aussies know is the 'right' financial choice, and what they actually do, is widening. New research looking at the spending, saving, investing and planning habits of Australians has found that while Gen Z and Millennials (Gen Y) are more likely to recognise risky financial behaviors as 'red flags', they're also significantly more likely to engage in them.

Some of these 'red flag' behaviours, identified by individuals as concerning, include neglecting home and contents insurance (39% of Gen Z), reusing passwords for financial accounts (27% of Gen Z), missing bill payments (28% of Gen Y), and maxing out credit cards (17% of Gen Y).

However, the research found all generations have their financial quirks. Both Gen Z and Gen Y also report higher overdraft fees (22% each) compared to the average Aussie (11%), but the older generations aren't safe either. While generally more cautious, they still exhibit concerning trends, with Gen X more likely to live pay cheque to pay cheque (36%) and Baby Boomers surprisingly neglecting retirement savings (30%) and budgeting (28%).

Commissioned by Choosi, in partnership with consumer research group MyMavins, the **Choosi Financial Red Flag Report 2025** surveyed over 1,200 Australians aged 18 years or older, shedding light on perceptions of prudent financial choices and how many actually follow through on them. The research also investigates how individuals approach risk management, monitoring, planning, spending, savings, and debt.

Cost-of-living induced FOSM (Fear of Spending Money)

The research found that overspending to match peer's lifestyles and 'keep up with the Joneses' was the biggest 'red flag' behaviour (82%) across all generations.

It is no surprise that rising costs are still having an impact on the social lives of Australians, with over half (57%) admitting to avoiding social activities due to cost, with Gen X and Gen Z more likely than the average Aussie to do so (66% and 62% vs 57%). Interestingly, the research found that females were more likely to admit to avoiding social activities due to cost than their male counterparts (61% vs 53%).

However, younger generations were found to be more accepting of living within their means. Gen Z and Gen Y were found to be more understanding of adopting a money-saving mindset with over three in five (64%) and seven in ten (70%) respectively viewing spending money due to FOMO (Fear of Missing Out) while neglecting essential bills a 'red flag', compared to the majority (88%) of Baby Boomers.

Although Gen Z's attitude seems to be inconsistent with their actions. Despite the majority (82%) viewing overspending to match peer's lifestyles and to 'keep up with the Joneses' as a 'red flag', Gen Z were found to be four times more likely to admit to this behaviour than their older counterparts (19% vs 4%).

Conversely, Baby Boomers hold more conservative views on debt, with almost all (91%) classifying maxing out credit cards and missing bill payments as 'red flags', compared to eight in ten (81%) overall.

Financial adviser and co-founder of Fox and Hare Wealth, Glen Hare, commented: The pressure on younger generations to 'keep up with the Joneses' highlights the unique challenges they currently face. Growing up immersed in social media, where curated lifestyles and aspirational spending are constantly showcased, creates immense pressure to conform and can lead to overspending.

"They're also facing a challenging economic landscape, with rising housing costs, stagnant wage growth, and the burden of student debt. This can create a sense of financial insecurity, leading some to overspend on experiences and material possessions as a way to feel in control. It's never been more important for younger Australians to develop a strong financial foundation by budgeting and tracking expenses, prioritising savings, and being mindful of the curated lifestyles they see online."

Australia's biggest 'financial red flags'

When it comes to the not-so-great financial behaviours of Aussies, some 'red flags' waved brightly. Beyond "keeping up with the Joneses," other prominent 'red flags' include frequently missing bill payments (81%), maxing out credit cards (81%), hiding finances from partners/family (79%), and carrying over \$5,000 in credit card debt (79%). Making investments without thoroughly researching them (78%), incurring overdraft fees (78%), and late repayments to friends and family (77%) also ranked highly.

The report also reveals a significant "say-do" gap in behaviours like retirement savings, living pay cheque to pay cheque, and budgeting. While many recognise these as 'red flags', a substantial number continue to engage in them.

Whilst over six in ten Aussies recognise that failing to contribute to superannuation or save for retirement as a 'red flag' (64%) three in ten still do so anyway (30%). This was closely followed to over half (57%) viewing living pay cheque to pay cheque as a 'red flag', yet over a quarter (29%) still doing so.

Having no formal budget strategy for managing income and expenses saw more than 50 per cent of Aussies (54%) waving their 'red flag', yet close to three in ten (28%) admitting to not having a strategy themselves.

Glen Hare states: "While the high ratings for behaviours like missing bill payments, maxing out credit cards, and carrying significant credit card debt as 'red flags' show a clear understanding of financial risk, the 'say-do' gap in areas like retirement savings, living pay cheque to pay cheque, and budgeting is particularly alarming. Australians know they should save, but it's easy to put it off when the rewards feel so far away, especially when it comes to Super. Overconfidence and the complexity of

finance often get in the way, too. Ultimately, emotions, a lack of practical skills, and a lack of support can lead to inaction, even when we know better. To bridge this gap, it's important for Australians to create a clear plan, seek professional guidance for personalised support, and continuously educate themselves to improve financial literacy."

Australia's biggest 'green flags'

On the flip side, there are some clear behaviours that were viewed as 'good' when it comes to managing finances. Almost all Aussies identify automatically saving a portion of their monthly income (86%), paying off credit card balances in full each month (86%), and making informed buying decisions by comparing prices and reading reviews (85%) as financial 'green flags'.

The theme of financial security was clear, with over four in five consider saving and investing habits such as keeping an emergency fund equivalent to three to six months' worth of living expenses (83%) and contributing voluntarily to superannuation (82%) as 'green flags'.

However, whether Australians follow through with these behaviours is another story, with the research revealing that the 'say-do' gap is the largest amongst some of the top 'green flag' behaviours. Despite being the third biggest 'green flag' amongst Australians, nearly three in five (57%) who tagged contributing to superannuation voluntarily as a 'green flag' have not followed through themselves.

Similarly, 81% champion budgeting as a 'green flag', yet over a quarter (28%) confess they don't budget at all. Even regarding emergency funds, a vital safety net, 83% recognise having three to six months of living expenses saved as crucial, but only half (49%) actually have it.

Concerningly, despite a significant portion (63%) agreeing that being adequately insured is a 'green flag', around one in three (36%) admitted to not being so themselves.

Australia's biggest 'beige flags'

The research also revealed some of Australia's attitudes to more quirky financial behaviours. Investing in non-traditional assets like fashion, collectibles, stamps, coins or art emerged as the top 'beige flag' for Aussies, with three in five (60%) viewing it as neither good nor bad.

Pointing to Aussies being more understanding of their peer's financial circumstances given the rising financial pressures across the nation, the research found more than one in two consider avoiding social activities due to cost (56%) as a 'beige flag'.

Perhaps highlighting financial fatigue, over half (54%) view delegating most investment decisions to a partner or financial adviser as a 'beige flag'.

Interestingly, Aussies were on the fence about forgoing insurance due to having emergency savings (45%) and not having private health insurance altogether (54%), identifying both as 'beige flags'.

Other activities commonly considered as 'beige flags' include spending small amounts on gambling as a form of entertainment, using Buy Now, Pay Later services for everyday purchases, and asking to split the bill on a first date (all 42%).

Glen Hare comments: The emergence of 'beige flags' reflects a nuanced understanding of individual financial circumstances amidst rising economic pressures. Even using 'buy now, pay later' services for small purchases or splitting the bill on a first date are considered 'beige flags' by some, as they can be reasonable strategies for managing budgets, but could also indicate underlying financial issues.

"However, the decision of some to delegate investment decisions and put off essential insurance coverage, even with existing savings, raises concerns about long-term financial resilience. While these 'beige flags' might seem fine in the short term, they can impact financial well-being in the long run, emphasising the importance of a balanced approach that prioritises both immediate needs and planning for the future."

The *Choosi Financial Red Flags Report 2025* underscores the need for Australians to bridge the gap between financial awareness and action, empowering themselves to make informed decisions and build a more secure financial future.

To help Australians identify their own financial flags, Choosi has developed a fun, interactive quiz based on the survey data. Take the quiz and download the full survey report [here](#).

– ENDS –

Media Enquiries:

Lillian Reed
Account Executive, Burson
M: +61 437 110 322
E: lillian.reed@bcw-global.com

About the Choosi Financial Red Flags Report

The Choosi Financial Red Flags Report is part of the Choosi Research Series, shedding light on the gap between Australians' financial knowledge and their actual behaviours. This latest study delves into Aussies' spending, saving, investing, and planning habits, highlighting the 'red flags' in their financial practices.

The report was commissioned by Choosi and conducted by MyMavins between the 6th and 17th of December 2024. A total of 1,200 Australians aged 18 and over participated in the study, providing insights into how financial pressures impact decision-making across generations.

About Choosi

Choosi's free comparison service lets you compare the benefits and prices of a range of popular insurance products, online and over the phone, so you can confidently choose cover that suits your needs, budget and lifestyle. Choosi does not compare the whole market. Visit www.choosi.com.au