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Cutting through the confusion of refinancing

A research report by Aussie and Lonerган Research

May 2020





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This research was commissioned by and conducted by Lonergan Research in accordance with the ISO 20252 standard. Lonergan Research surveyed 1,058 Mortgage holders. Surveys were distributed throughout Australia including both capital city and non-capital city areas. The survey was conducted online amongst members of a permission-based panel, between 14 April 2020 and 21 April 2020. After interviewing, data was weighted to the latest population estimates sourced from the Australian Bureau of Statistics.

N = number

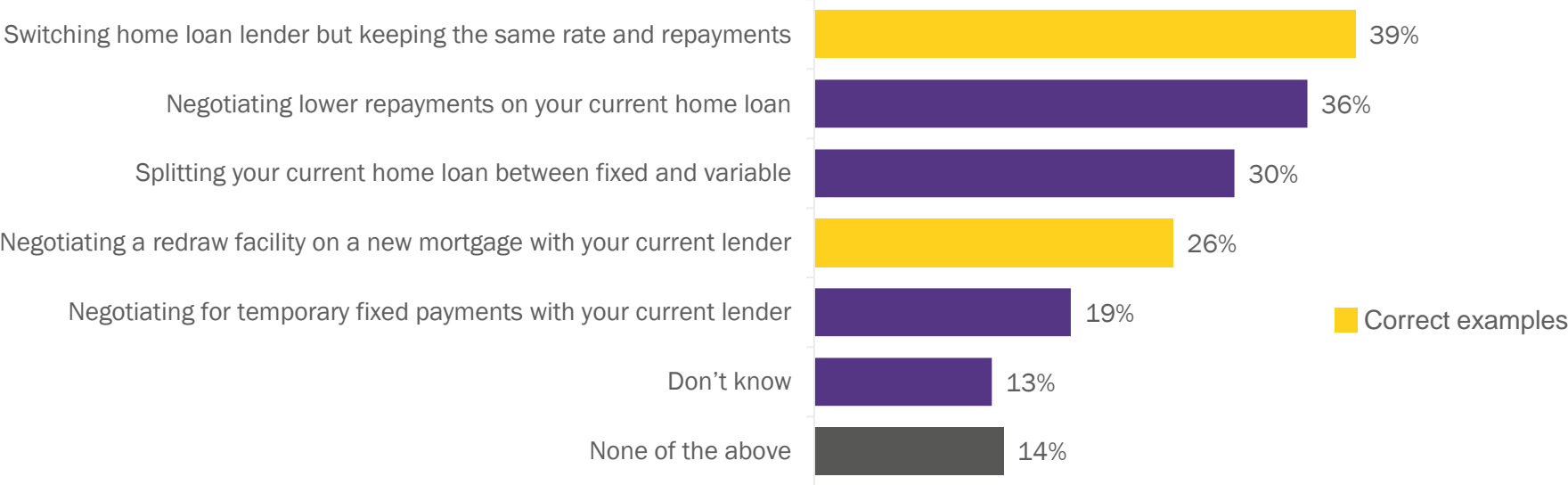
Cf = compared to



This project was carried out in compliance with the ISO 20252 standard

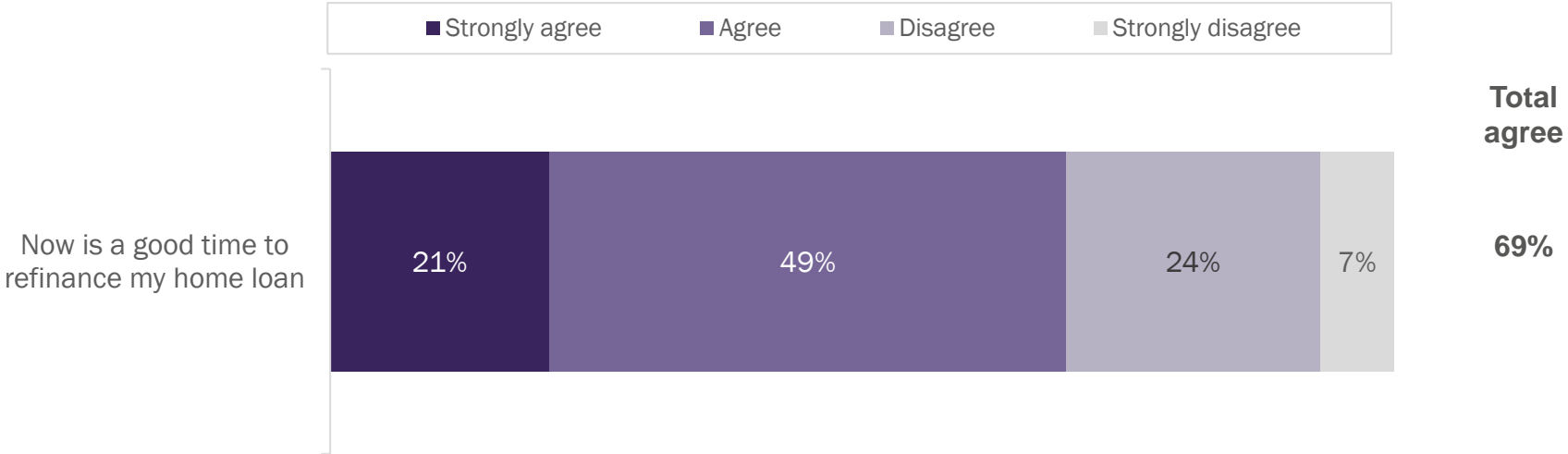
4 in 5 Australian mortgage holder are confused about what refinancing is

- 78% of Australian mortgage holders are confused about what refinancing is.
 - Only 22% were able to identify correct examples of refinancing, without also choosing incorrect examples
- 14% of mortgage holders say they don't know what is classified as refinancing a home loan.
 - Women are more likely than men to not know what is classified as refinancing (16%; cf. men 16%)
- The most common error mortgage holders make when classifying refinancing is believing it is negotiating a lower repayment on their current home loan (36%).



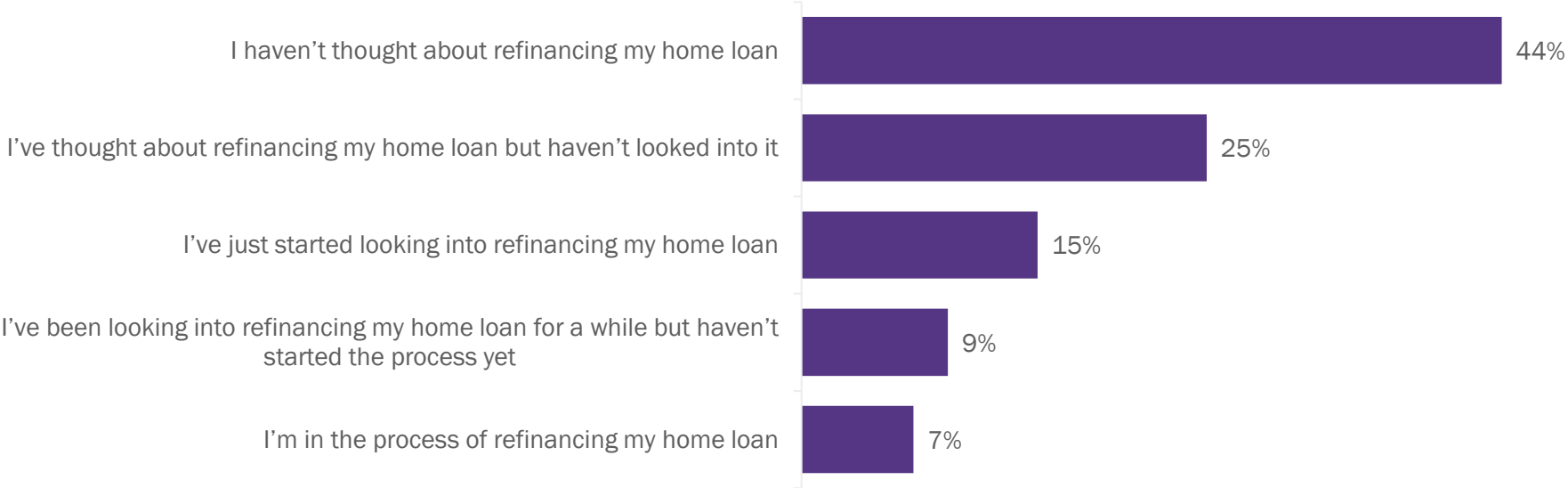
7 in 10 mortgage holders think now is a good time to refinance their home loan

- 69% of mortgage holders believe now is a good time to refinance their home loan.
 - Men are more likely than women to think that now is a good time to refinance their home loan (76%; cf. women 63%)
 - Millennials are more likely than their counterparts to believe now is a good time to refinance their home loan (75%; cf. Gen Z 62%, Gen X 67%, Baby Boomers 62%)
 - Those who have refinanced their current home loan before are more likely to think that now is a good time to refinance their home loan (79%; cf. never refinanced 63%)



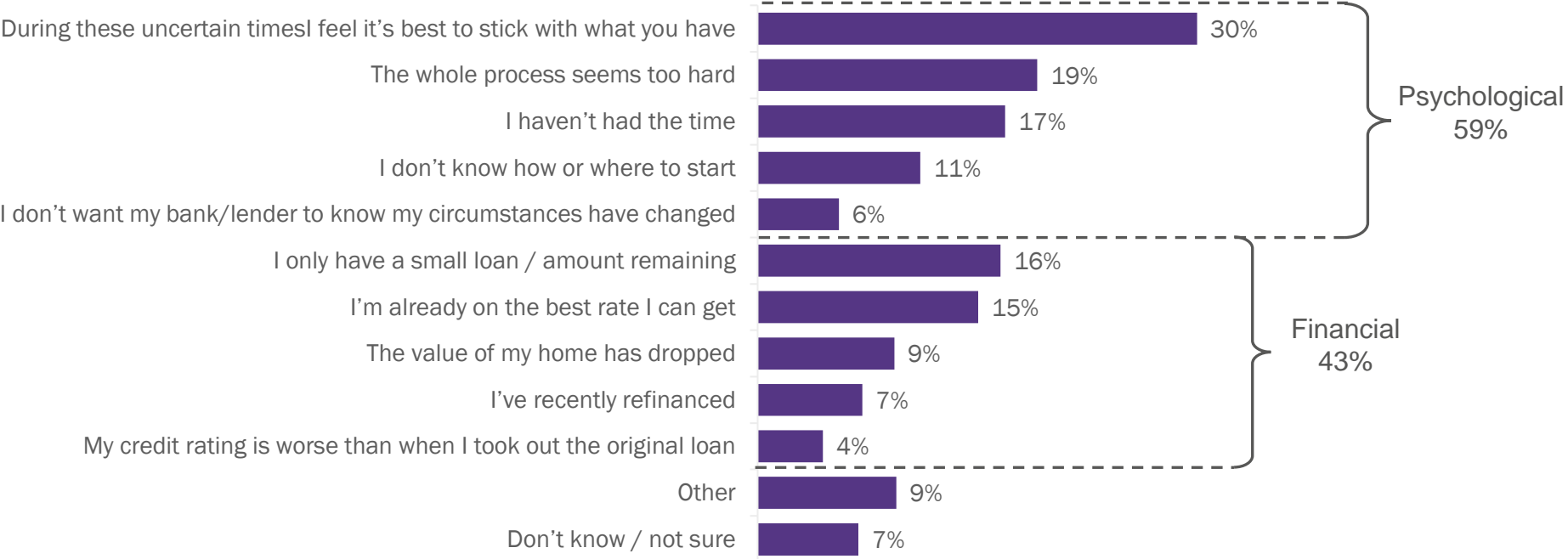
44% of Australian mortgage holders haven't thought about refinancing their home loan

- 44% of Australian mortgage holders haven't thought about refinancing their home loan, most commonly Baby Boomers (61%; cf. Gen Z 47%, Millennials 34%, Gen X 46%)
- 15% of mortgage holders have just started looking into refinancing their home, most commonly men (18%; cf. women 11%)



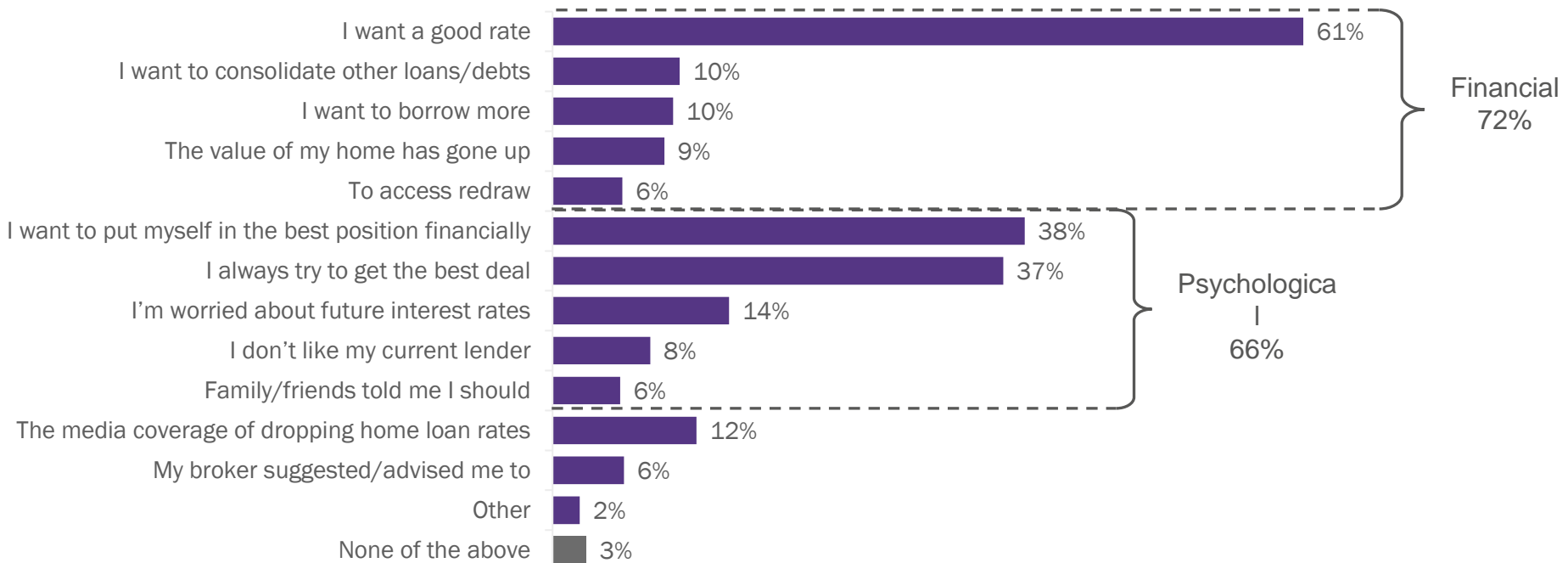
30% of mortgage holders feel it's best to stick with what they have instead of refinancing during uncertain times

- 3 in 5 (59%) mortgage holders are held back from refinancing by psychological reasons
 - During these uncertain times, mortgage holders are most likely to feel that it's best to stick with what they have (30%)
- 2 in 5 (43%) of mortgage holders are held back by financial reasons, most commonly men (47%; cf. women 39%)
 - 15% of mortgage holders believe they are already on the best rate they can get, most commonly men (18%; cf. women 12%)
- 7% of mortgage holders don't know what is holding them back from refinancing, most commonly Baby Boomers (9%; cf. Gen Z 4%, Millennials 5%, Gen X 8%)



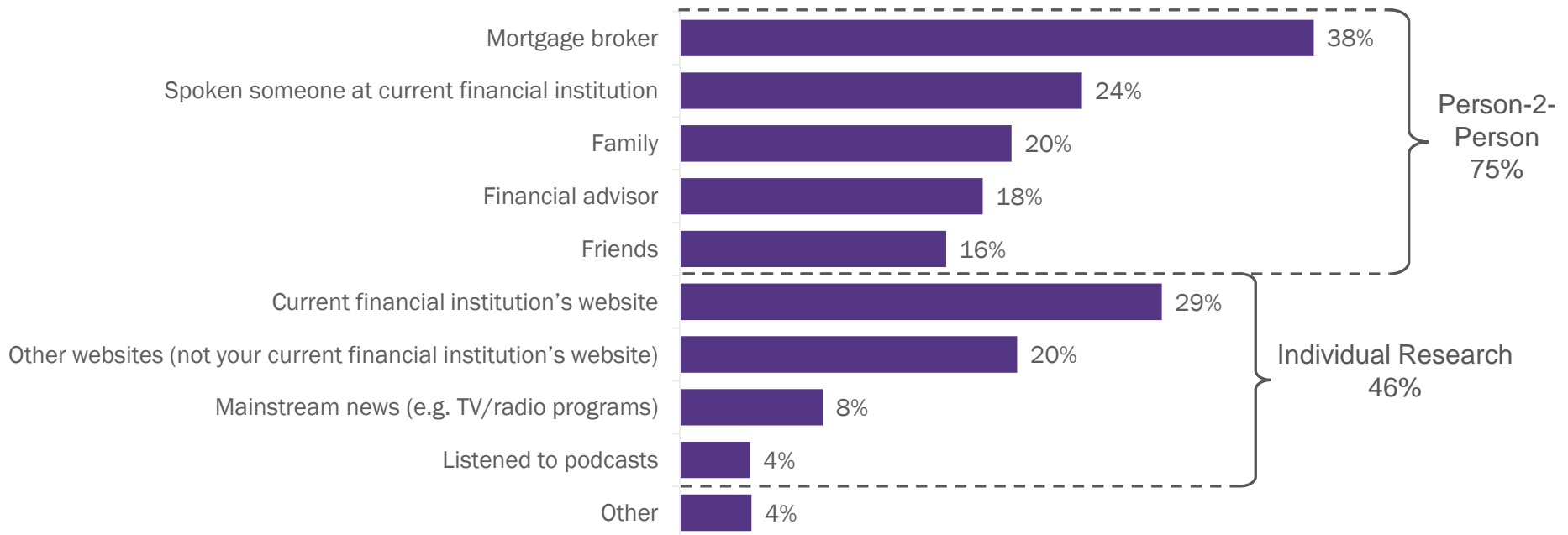
Mortgage holders are thinking about refinancing for financial reasons

- Nearly 3 in 4 (72%) mortgage holders are thinking about refinancing for financial reasons, most commonly because they want a good rate (61%).
 - Gen Z are less likely than their counterparts to want to refinance for financial reasons (61%; cf. Millennials 73%, Gen X 73%, Baby Boomers 66%)
- 2 in 3 (66%) mortgage holders are thinking of refinancing for psychological reasons, most commonly because they want to put themselves in the best possible position financially (38%) and because they always try to get a good deal (37%)
 - Baby Boomers are less likely than their counterparts to want to refinance for psychological reasons (58%; cf. Gen Z 64%, Millennials 71%, Gen X 63%)



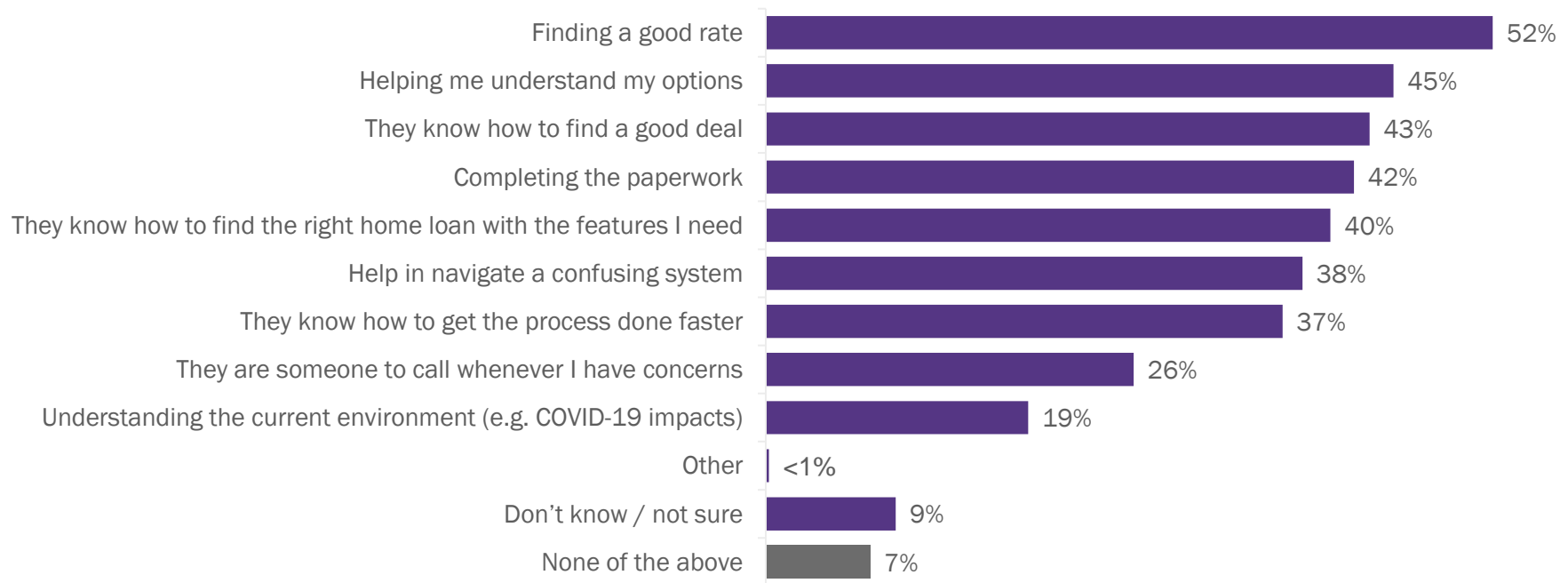
Mortgage holders are getting their information directly from other people

- 3 in 4 (75%) mortgage holders have gotten information or advice on their current home loan through person-2-person means, most commonly mortgage brokers (38%), then speaking to someone at their current financial institution (24%)
 - Baby Boomers are the least likely of the generations to have sought information or advice on their current home loan through person-2-person means (64%; cf. Gen Z 80%, Millennials 82%, Gen X 73%)
 - Men are almost twice as likely to get advice or information on their current home loan from their friends (21%; cf. women 11%)
- 46% of mortgage holders have gotten information or advice on their current home loan from individual research, most commonly their current financial institutions website (29%), followed by other websites (20%)



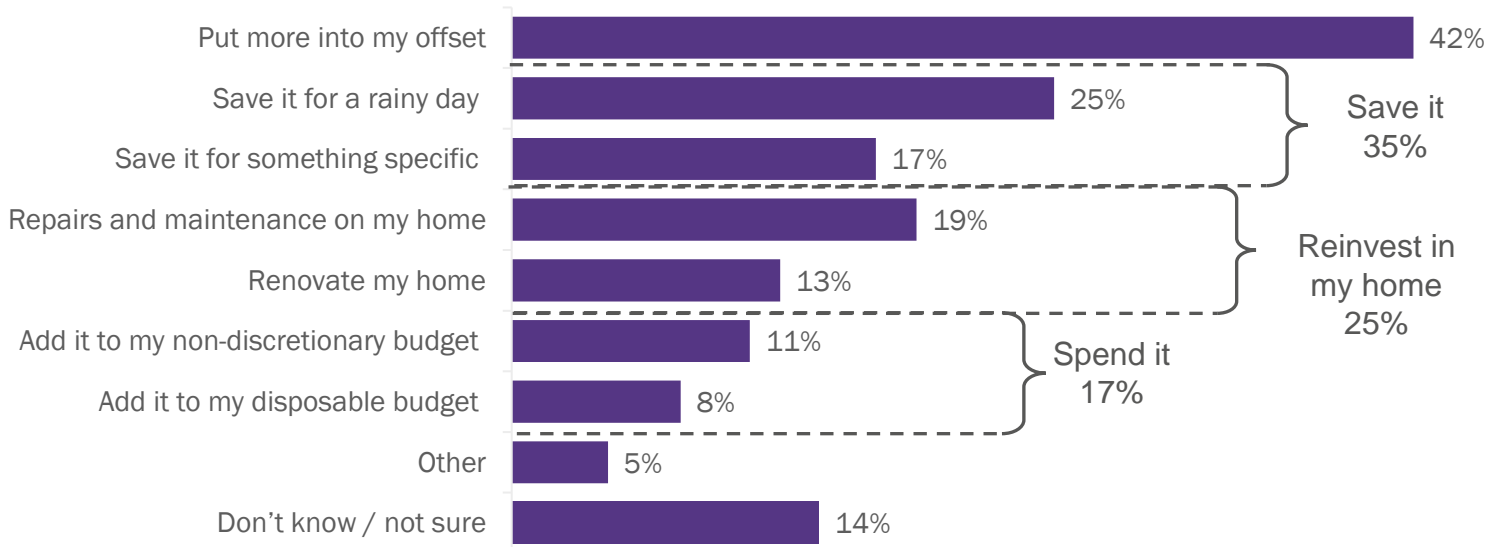
Half of mortgage holders believe brokers will help them find the best rate

- 83% of Mortgage holders identify benefits of using a broker to refinance their home loan.
 - Baby Boomers are less likely than their counterparts to be able to identify benefits of using a broker to refinance their home loan (70%; cf. Gen Z 93%, Millennials 92%, Gen X 80%)
- 9% of mortgage holders don't know what the benefits of a broker would be to refinancing their home loan, this is driven by Baby Boomers (16%)
 - Women are more likely than men to not know what the benefits of a broker would be to refinancing their home loan (11%; cf. 7% men)
- The most common benefit mortgage holders identify to using a broker is that they find a good rate (52%), followed by they let them understand their options (45%)



If they refinanced, mortgage holders would be most likely to put more in their offset

- 2 in 5 (42%) mortgage holders would put the money they save from refinancing into their offset.
- A third (35%) of mortgage holders would save the money they got back from their refinancing, mostly for a rainy day (25%)
 - Gen Z are more likely than their counterparts to save it for something specific, like a holiday (38%; cf. Millennials 22%, Gen X 14%, Baby Boomers 10%)
- From the money they save from refinancing, a quarter (25%) of mortgage holders would reinvest it back into their home.
 - Millennials are the most likely to reinvest their savings from back into their home (69%; cf. Gen Z 52%, Gen X 54%, Baby Boomers 44%)
- 17% of mortgage holders would spend the money they would save from refinancing.
 - Men are more likely to spend the money they save from refinancing (19%; cf. women 14%)
 - Gen Z are much more likely to spend the money they save from refinancing (43%; cf. Millennials 17%, Gen X 15%, Baby Boomers 13%), and more commonly on their disposable budget (29%; cf. Gen Z non-discretionary budget 18%)





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