

Tuesday, 17 August 2021

Australian market for financial services grows 13.2% to nearly \$10.9 trillion during 2020/21 financial year

New data from Roy Morgan's [Banking and Finance Report](#) shows Australia's total market for financial services increasing by a record of over \$1.27 trillion (+13.2%) during the 2020/21 financial year to a total of almost \$10.9 trillion in June 2021.

The increase of \$1.27 trillion in the year to June 2021 was a larger increase than that over the preceding three years put together. Australia's total market for financial services increased by \$1.23 trillion (+13.5%) over the three-year period from June 2017 to June 2020.

The growth in the market for financial services was across all four main categories of Owner-Occupied Homes, Wealth Management, Traditional Banking and Direct Investments – all of which were up strongly on a year ago.

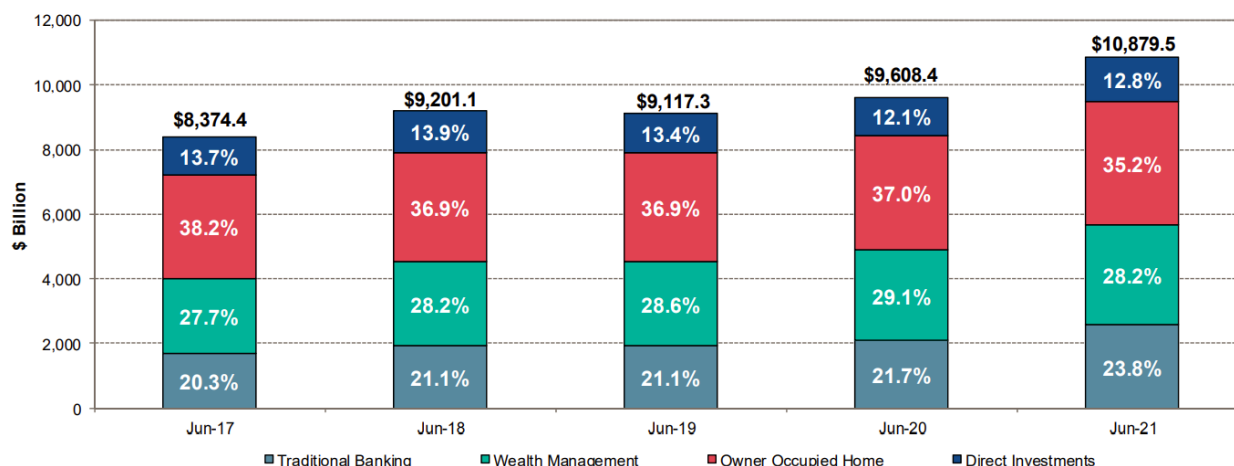
In June 2021 Owner Occupied Homes comprised the largest share of the market for financial services representing over a third of the entire market with a value of \$3.83 trillion (35.2% of the market). Despite an increase of \$277 billion on a year ago the overall share was still down by 1.8% points from June 2020.

Wealth Management is the second largest segment representing well over a quarter of the entire financial services market with a value of \$3.06 trillion (28.3%) in June 2021. This represents an increase of \$266 billion on a year ago but the overall share in the market declined by 0.9% points from a year ago.

Traditional Banking was the fastest growing segment of the financial services market over the last year and now represents 23.8% of all financial services with a value of \$2.59 trillion. This is the highest share of the overall financial services market represented by Traditional Banking over the last five years and an increase in value of over \$500 billion on a year ago.

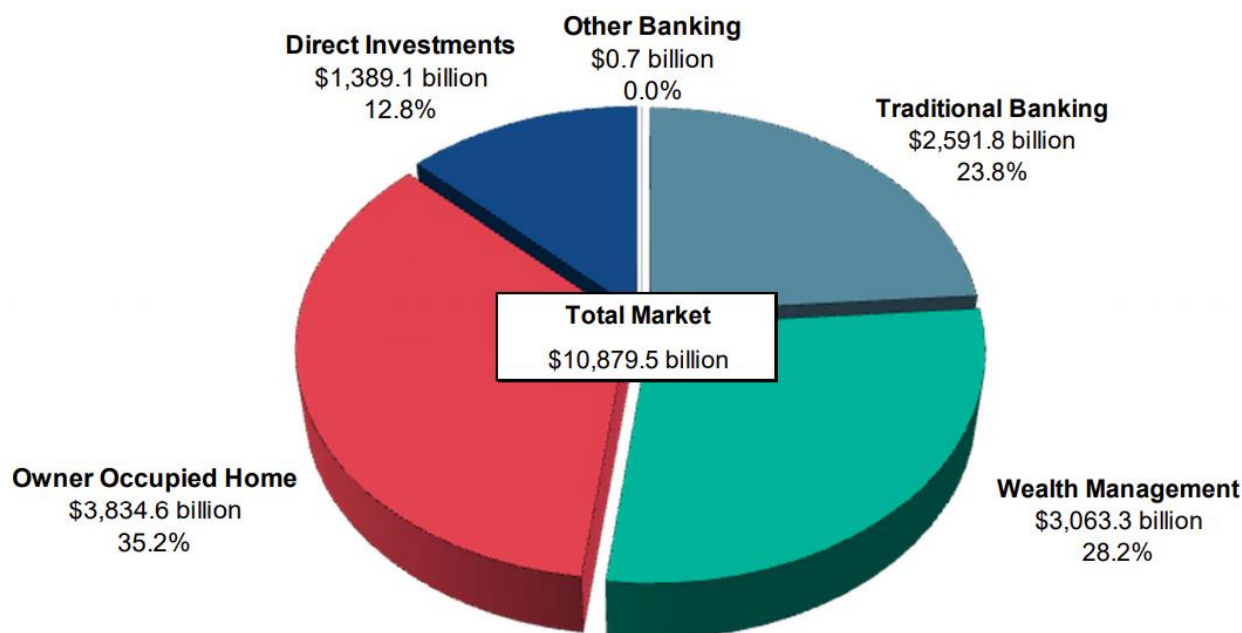
Direct Investments now represent 12.8% of the financial services market with a value of \$1.39 trillion, up from a 12.1% share a year ago. The market for Direct Investments increased by \$225 billion from June 2020. There is a further \$0.7 billion not represented by the four main categories classified as 'Other Banking'.

Australia's total market size for any financial services: 2017-2021



Source: Roy Morgan Single Source (Australia). July 2016 – June 2021. Average 12-month sample n = 48,400.
Base: Australians 14+; Any financial services customer. **Note:** Other Banking has been excluded as it represents 0.01% of the total market including \$0.7 billion in the year to June 2021.

Australia's total market size for any financial services: 2021



Source: Roy Morgan Single Source (Australia). July 2020 – June 2021, n = 54,851.

Base: Australians 14+; Any financial services customer.

These new findings are drawn from Roy Morgan Single Source, Australia's leading consumer survey, derived from in-depth interviews with over 50,000 Australians annually.

Michele Levine, Chief Executive Officer, Roy Morgan, says that far from the COVID-19 pandemic leading to a contraction in the market for financial services the spending undertaken to support the economy has led to a boom in the size of the Australian financial services market:

"The COVID-19 pandemic hit Australia nearly 18 months ago in March 2020 and at the time there were significant worries about the durability of the Australian economy as well as key financial assets such as housing, stock-market investments and traditional banking and wealth management accounts.

"As it turns out these fears have proven largely unfounded. Although we are currently experiencing a third wave of the virus, with the highly contagious Delta variant causing lockdowns in all seven mainland Australian Capital Cities, fears about a financial crash have receded as the vaccine target of 80% of the population fully vaccinated looks set to be released later this year.

"Since June 2020 the total size of Australia's financial services market has increased at an extraordinary rate – up by \$1.27 trillion to a value of almost \$10.9 trillion in June 2021. This level of increase is even greater than the increase of \$1.23 trillion over the preceding three years.

"The huge injection of hundreds of billions of dollars of stimulus by the Federal and State Governments to support businesses and families forced into financial distress by the measures used to fight the COVID-19 virus has flowed straight into the financial services market.

"All four main segments of financial services including Owner Occupied Homes (35.2% of the financial services market), Wealth Management (28.2%), Traditional Banking (23.8%) and Direct Investments (12.8%) have increased by at least \$200 billion in value from a year ago.

"The largest increase has been for Traditional Banking which is now valued at \$2.59 trillion and has increased by a stunning \$500 billion from a year ago. For many Australians the Government stimulus went straight into the bank account with a lack of options for spending it with international (& for much of the time domestic) borders closed and travel restricted.

"During the early parts of the pandemic [Australia's household saving ratio soared to as high as 22% in the June quarter 2020 according to the ABS](#), the highest level since the early 1970s even as the country entered its first recession for three decades since 1990/91.



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"The huge amount of stimulus injected into the economy through programs such as the \$89 billion JobKeeper wage subsidy has supported the economy over the last year and is still having an impact today with house prices continuing to rise despite a series of lockdowns around the country over the last few months.

"Although the next few months are set to be tough ones for many Australians forced out of work by the lockdowns there is an optimistic view that once the vaccination thresholds are reached towards the end of this year the economy will quickly recover from this 'third wave' of COVID-19.

"The data used here is only a small part of the consumer finance data available in Roy Morgan's [Banking & Finance Report](#). The full report provides a truly holistic and unique understanding of consumer's financial behaviour and trends gathered from 50,000 consumers per annum, across more than two decades. To find out more ask Roy Morgan."

To learn more about Roy Morgan's banking satisfaction data and NPS®, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

Please click on this link to the [Roy Morgan Online Store](#).

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 75 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

