



**Media release**  
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## **Some New Zealand mortgagees lack financial know-how**

A home loan is usually the biggest debt New Zealanders will have but many homeowners are not aware of even the basics on mortgage repayment and home loan terminology, according to the results of New Zealand's first Adult Financial Knowledge Survey.

One of the major findings of the ANZ-Retirement Commission Financial Knowledge Survey was that understanding home loans was a weak area of financial knowledge, even among some of those who have current mortgages.

- Twenty-five percent of mortgage holders were not aware that increasing the frequency of repayments from monthly to fortnightly would minimise interest.
- A third of mortgage holders were unable to correctly identify that there was no repayment penalty for variable home loans.
- Twenty-three percent did not know the meaning of the word 'equity'.

Respondents who did not have a mortgage fared even worse on most of the home loan questions.

Funded by ANZ, the survey was commissioned by the Retirement Commission with the support of the Ministry of Economic Development. It involved face to face interviews with 856 people. The results provide the first real insight into New Zealanders' level of financial literacy and set a benchmark to measure future knowledge trends.

Retirement Commissioner Diana Crossan said the results on mortgages highlighted that people needed a lot more information about managing home loans.

"New Zealanders love to own their own homes, and yet this survey shows that up to half of them do not know some of the most basic things about managing property financing.

"The gaps in knowledge may deter borrowers from paying off debt quickly and enhancing their financial position over the long term."

Ms Crossan said the Retirement Commission would use the results to tailor its public education programmes. "The more people know about money management, the better they can be at short and long term planning. With New Zealand's relatively deregulated financial market it is even more important that people know about personal finance issues."

ANZ National Bank Chief Executive Graham Hodges said: "While the survey indicates New Zealanders have a good foundation of basic skills, it is clear there are areas where knowledge needs to be improved, such as around investment and home loans, and among the sections of the community which are struggling with financial skills.

"By empowering people with the appropriate financial skills, knowledge and information, they are better placed to make informed decisions about their money and plan for the future," says Mr Hodges.

"We understand our own responsibility in addressing the financial knowledge needs of our customers with better communication, simpler products and aware and informed staff," he says.

The financial knowledge survey also covered questions on financial planning, consumer rights, attitudes and behaviours and understanding of financial terms.

The main objectives of the research are to identify areas of low financial knowledge to assist with education programmes, to set benchmarks to measure knowledge trends, and to assist the financial services industry to identify the financial skills, products or services which are causing the greatest problems.

The Retirement Commission urges New Zealanders wanting to learn more about personal finances to visit the Commission's independent personal finance website [www.sorted.org.nz](http://www.sorted.org.nz)

For a summary of the ANZ-Retirement Commission Financial Knowledge Survey findings visit [www.retirement.org.nz](http://www.retirement.org.nz).

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