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New Zealand's First Adult Financial Literacy Survey Launched

The Retirement Commission and ANZ today launched New Zealand's first adult financial literacy survey, which will assess our personal financial knowledge, skills and competence.

"This ANZ-Retirement Commission Adult Financial Literacy Survey is the first research of its kind in New Zealand and will provide Government and the financial services sector with a crucial benchmark for future comparisons," says Retirement Commissioner, Diana Crossan.

"We know from our previous research that New Zealanders' confidence and ability with money varies greatly (2001/02 Sorted Survey, ACNielsen). About 35% of New Zealanders say they are confident with money and rate their knowledge and skills highly. Another 25% of Kiwis rate their skills and knowledge as average, and work hard to meet their financial goals. However, we know that about 30% need more help. This group has issues with debt and lacks confidence and ability to meet its financial goals," says Ms Crossan.

"By mid 2005¹ the ANZ-Retirement Commission Survey will provide data about where New Zealanders' level of personal financial knowledge really stands, and we will be able to target educational programmes to those areas where people are experiencing difficulty," she says.

"This is a sizable, independent study that will deliver really useful information to help New Zealanders improve their personal finances."

The survey's major funder is ANZ, which conducted a similar study in Australia, completed last year. Results of the New Zealand survey will highlight issues specific to New Zealand as well as allow comparisons to be made with key findings in Australia.

"The more financial understanding people have, the more effectively they can manage their day-to-day finances," said ANZ Retail Managing Director Steven Fyfe.

"In supporting this project, ANZ is keen to generate awareness of financial literacy and to identify areas where educators and the financial services industry can work

¹ Results will now be available in late November 2005.

to help consumers and investors.

“ANZ is committed to the future of New Zealand and supporting New Zealanders achieve their financial goals. We are keen to do this in the communities where our people live and work,” says Mr Fyfe.

The ANZ Survey of Adult Financial Literacy in Australia resulted in a government taskforce into financial literacy and a range of programmes to help communities and consumers improve their financial knowledge and competence.

The Ministry of Economic Development is also providing funding for the survey. Its particular interest is to better understand the competency levels of New Zealanders investing in retail financial products in New Zealand’s securities markets. This information will feed into future law reform in this area.

The survey findings will:

- Identify areas of low financial literacy by topic and population breakdown and help educators improve skills in these areas.
- Be available to help the development of education programmes to help individuals manage their finances more effectively - improving their standard of living over time.
- Provide a benchmark of financial literacy across the whole adult population so trends can be measured and programmes targeted at needy areas.
- Help the financial services industry identify where products or services are misunderstood or confusing to consumers, so product design or communications can be improved.
- Provide information to help develop law reform programmes that provide effective consumer protection and address real issues facing individuals.

Specific areas of interest to be researched are:

1. Essential mathematical skills.
2. Financial understanding (i.e. what money is, how it is exchanged, where it comes from and goes).
3. Financial competence (understanding basic financial services, records, attitudes to spending and saving, awareness of risk, relationship between risk and return).
4. Financial responsibility (ability to make appropriate personal life choices about financial issues, consumer rights and responsibilities, ability and confidence to get assistance when things go wrong).

The research will be conducted by a soon-to-be-appointed, independent research company and will be overseen by a steering group comprising Dr Jenny Neale (Chair) - Victoria University Head of Social and Cultural Studies, Dr Rodger Spiller - Money Matters New Zealand Managing Director, Martin Hawes - financial expert and author, Gordana Brkljaca - ANZ Staff and Community Sponsorship Manager, Peter Mumford - Ministry of Economic development Regulation and Competition Policy Director and Robyn Cormack - Retirement Commission Marketing Communications Manager.

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