“... developing a financially literate community in Australia, where consumers can make informed decisions about financial products and services and identify, and avoid, scams and swindlers”
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Our primary objective in our consumer education work is to develop a financially literate community, where Australian consumers can make informed decisions about financial products and services, and identify and avoid scams and swindlers. To help us achieve this objective, we have developed a consumer education strategy to guide our activities over the period 2001 – 2004.

As part of our strategy, we have set out:
- the scope of our consumer education role;
- the priority topic areas that our strategy should focus on; and
- the delivery mechanisms we intend to use for our consumer education initiatives.

Our consumer education role

As the primary consumer protection regulator in the financial services sector, we believe that our consumer education role should include the following main elements:
- Making consumers aware of the need to be informed, educated and active;
- Informing consumers about:
  - How they can look after their money;
  - Scams and swindles to avoid;
  - Consumer rights and how to exercise them;
- Helping coordinate consumer education across different groups;
- Helping improve financial literacy;
- Undertaking or commissioning relevant research; and
- Providing referral information.

Our priority areas

Financial services is a very broad area, and it will not be possible for us, as a single agency, to provide consumer education on every possible topic of interest. We have therefore identified a number of priority areas and sub-issues around which we intend to focus our consumer education work for the next 3-4 years.

We have chosen these priority areas based on the key trends and issues in the financial services sector, including factors such as the impact of our ageing population, the importance and complexity of superannuation, recent privatisations and demutualisations, and the different needs of disadvantaged consumers.

Our priority areas are:
1. Retirement planning and investing generally;
2. Superannuation;
3. E-commerce;
4. Insurance;
5. Dispute resolution;
6. Financial literacy and financial exclusion;
7. Consumer rights; and
8. Credit (once FSR legislation implemented).

Main activities and delivery mechanisms

In preparing and delivering consumer education material, we need to understand the characteristics and needs of the relevant target group(s) and to use the most appropriate mix of formats and distribution mechanisms. A ‘one size fits all’ approach will not usually be effective in consumer education.
We believe that the Internet will continue to be a very effective and efficient way of delivering consumer education to many groups of consumers. We will therefore continue to promote and improve Fido, our consumer website, as our primary vehicle for telling consumers about financial products and services, scams, safety checks, current issues, and other matters.

However, although Internet use is growing, not everyone has easy access to the Internet, and others still prefer to get their information from other sources. We will therefore continue to use a range of delivery mechanisms for our consumer education initiatives. These are likely to include:

- A media advertising campaign;
- ‘Consumer tips’ columns or sections in print and radio media;
- Fact sheets, in English and also in community languages;
- Consumer alerts;
- Liaison with, and providing information for, community intermediaries;
- Providing content for existing community and government courses; and
- Consumer brochures and other publications.

These mechanisms will be additional to our traditional mechanisms such as Investor Forums and Infoline.

We will develop initiatives using these delivery mechanisms to provide consumer education on the priority areas discussed above. Some of the initiatives that we have already planned include:

- Plain language summary of the Electronic Funds Transfer (EFT) Code;
- Insurance education for indigenous communities;
- A campaign for people from non-English speaking backgrounds about their right to complain and the availability of alternative dispute resolution (ADR) services;
- Working with others to deliver superannuation education; and
- Publications for school leavers.

**What will our education strategy achieve?**

As our education strategy is implemented, we expect that we will see more consumers:

- Actively seeking financial information;
- Seeking information about financial products and services and about consumer rights from ASIC;
- Making good decisions about financial issues; and
- Knowing about the availability of independent dispute resolution schemes in financial services.

We also expect to see a decreasing number of consumers:

- Getting caught by scams; and
- With low levels of financial literacy.

Finally, through the implementation of our education strategy, we hope to increase the effectiveness of, and coordination of community and business consumer education in the financial services sector.
Our consumer protection powers

One of ASIC’s aims is ‘to promote the confident and informed participation of investors and consumers in the financial system’. In July 1998, our powers increased as we took on consumer protection responsibilities for deposit taking, general and life insurance, superannuation, retirement savings accounts, securities and futures contracts. Following commencement of the Financial Services Reform legislation in March 2002 we will also have consumer protection responsibility for credit products and services and foreign exchange services.

Given the recent expansion in our consumer role, we took the opportunity to re-visit our consumer education role and to develop a comprehensive consumer education strategy that covers all of our areas of responsibility.

We see consumer education as a useful tool to promote consumer confidence and to help consumers:

- choose suitable products and services;
- identify scams and traps; and
- understand their options and take appropriate steps where problems do arise.

Consumer education can also complement our enforcement, compliance, and supervisory work, and increase the effectiveness of outcomes in these areas.

How we developed this strategy

To help us develop this strategy, we:

- released *Educating financial services consumers: Discussion paper* for public comment in July 2000 (for those who provided comments on the discussion paper, see page 26);
- focused our Annual Stakeholder Forum in 2000 around the theme of consumer education; and
- held informal discussions with interested stakeholders on our consumer education plans.

We developed this Consumer Education Strategy using feedback from the above.

Like other organisations, our resources are limited, so we cannot cover the whole territory of consumer education in financial services. However, we believe that our strategy is ambitious but achievable, and that it will be the best use of the resources we have available for consumer education.
Our role

We see our consumer education role as:

- raising consumer awareness that they need to get informed, educated, and active about financial products and services, the sources of relevant information, and ASIC’s role;
- informing consumers about:
  - how they can look after their money, including information about types of financial products, services and technologies
  - scams and swindlers to avoid
  - consumer rights and how to exercise them eg how to complain;
- helping coordinate the consumer education activities of industry, consumer groups and other government agencies, including developing and promoting good consumer education practices;
- encouraging and taking part in activities to improve financial literacy;
- informing consumers about organisations that provide more targeted and comprehensive education; and
- undertaking or commissioning research.

We do not think it is appropriate, or necessary, for us to be involved in delivering the type of investor education courses that are readily available in the marketplace. However, we do have a role in providing direct consumer / investor education and information that is not easily accessible or not already provided by the market.

We also educate industry and industry members, through our Policy Statements and ‘ASIC Speaks’ seminars, on compliance issues. We plan to develop an industry guide to the consumer protection provisions of the ASIC Act. This compliance education benefits consumers too. However, our compliance education role is separate to our consumer education role, and is not the focus of this paper.

Raising consumer awareness

A significant barrier to providing consumer education about financial services is that many consumers ‘don’t know what they don’t know’. These consumers are unlikely to search for consumer information, and may make expensive mistakes, or be the subject of frauds or scams.

As one submission noted:

“In terms of the learning process, most of the targets for education are the **unconsciously unskilled**. ASIC activities should focus on moving this group to the **consciously unskilled** to enable the education process to make them more skilled.” (our emphasis)

As a regulator with a national focus and a broad mandate, ASIC is well placed to take steps to increase consumer awareness.

Increasing awareness of the need for education/information is, however, not a role solely for ASIC. There may be circumstances where coordinated initiatives are needed – for example, on superannuation.
Informing consumers

How to look after your money

As an independent regulator, ASIC’s education initiatives are not generally seen by consumers as being biased towards particular products and/or particular suppliers. In contrast, initiatives from suppliers of financial products and services may suffer from consumer perceptions that the material is not independent and/or is primarily designed to achieve marketing objectives.

In addition, we see that consumers are seeking independent information to complement the general and product-specific information that is provided by financial services organisations.

We play an important role in providing information about:

- the different types or classes of products and services available – both basic and complex;
- how to use financial services and products, including how to compare services and products, and how to judge quality;
- common terminology;
- how to match needs and desired achievements with investment and other options;
- how to avoid cheats and incompetent advisers;
- how to avoid making expensive mistakes; and
- what to do if something goes wrong.

We aim to provide this education and information where it is most needed and in a form which will be most useful.

In order to reach as wide an audience as possible, much of this information will be targeted to the general public. However, there will often be circumstances where it is appropriate to provide more targeted information. For example, some groups of consumers may have different needs, or suffer from particular disadvantages, compared to others.

Scams and swindlers to avoid

We are well placed to provide information on scams and current issues. Our enforcement experience means that we can identify and describe scams with credibility. We also have regular contact with government authorities in other countries, and thus are likely to find out about overseas scams that might be targeting Australian consumers.

We have a long history of providing consumer warnings about scams and current problems. Our consumer alerts, Gull awards, Fido content, and Fido News are all designed to help consumers identify and avoid scams.

We also provide a number of search tools that consumers can use to reduce the risk of falling victim to a scam. Promoting ‘safety checks’ that consumers can make before investing money is an important and continuing focus of our consumer education work.
Your rights and how to exercise them

We are responsible for enforcing consumer protection laws in the financial services sector and are also involved in various self-regulatory initiatives – including codes and dispute resolution schemes. We are well placed to provide information and education on consumer rights and how to exercise them.

Consumers may not want detailed information on every law or other instrument that can assist them in their dealings with financial institutions. However, it is important for consumers to know their basic rights, and the avenues (eg dispute resolution schemes) they can use to help resolve complaints and disputes.

Consumers also need to develop the confidence to pursue their rights. Knowing where to look for information on relevant legislation, codes and dispute resolution schemes can assist development of this confidence.

Coordinating consumer education

There is a need for better coordination of education initiatives on financial services. Improved coordination should reduce the risks of gaps or duplications in the provision of education, and also facilitate learning about the factors that lead to successful initiatives. For example, discussions between educators could help to further define good practices and key criteria for effective consumer education.

We are well placed to facilitate coordination of consumer education initiatives in the financial services sector. However, we would not seek to direct or control the initiatives proposed or implemented by other organisations. Nor would we want to add another layer onto existing forums and relationships. Instead, we see our role as about facilitating communication between those involved in providing consumer education in this sector.

Improving financial literacy

Improving financial literacy in Australia will help consumers participate in the financial system in an informed way. However, this is also a huge and ongoing task, and one that is the responsibility of a number of different government agencies and other organisations. We have a keen interest in this area, and therefore want to work with other agencies or organisations (eg departments of education, industry members and associations, employer associations, unions, etc) to develop and implement appropriate initiatives designed to measure and improve financial literacy.
Research

We are not a primary research agency on consumer education. However, appropriate research projects can inform our education work and increase its effectiveness.

Our Consumer Advisory Panel (CAP) has already commissioned a number of research projects relevant to consumer education (Stocktake on Consumer Education in Financial Services, Consumer Education Literature Survey and Review). We also have the capacity to undertake or commission relevant research outside the CAP process.

Referral to other organisations

We do not generally have the resources or the expertise to provide detailed education initiatives (eg adult education courses on investment), or more personalised initiatives. However, there are many organisations that do provide such initiatives and we may be able to play a useful role in providing information to consumers about these organisations. We anticipate that many consumers will start with us to meet their basic needs, and we may therefore be in a good position to provide timely information about the offerings of other organisations.

We will liaise closely with other organisations to ensure that any referral information that we provide is appropriate, taking into account resource and other constraints.
Linking communication and education

There is a link between many of our general communication/promotion activities (for example, our media releases and consumer website), and our education initiatives. It will therefore not always be easy or productive to clearly label any particular initiative as a communication activity or an education activity. However, both our communication and our education initiatives will be designed to ultimately contribute to increased consumer understanding and knowledge of financial services issues, thus meeting our consumer education goals.

What is outside our scope?

In addition to defining what falls within our education role, we have also set out the areas that are outside our scope.

In general, we consider it important that for us to focus on initiatives that can reach large numbers of consumers. We have taken note of the fact that many submissions argued strongly that face to face or more personal education is likely to be one of the most effective forms of education. This is consistent with surveys and research, both here and in other jurisdictions.

Our Investor Forums and community talks will continue to be our main tool for providing face-to-face education. These will continue to be held in both regional areas and capital cities, and we will promote them widely. We will also continue to provide our Infoline service, which gives consumers and investors ‘voice-to-voice’ access to us and the information that we can provide.

However, we do not have the resources to provide detailed face-to-face education to consumers, through classes or education courses, on a consistent or regular basis. And there are other organisations – including community and consumer organisations – that are more suited to providing such education. Indeed, for many such organisations, it is a key facet of their day-to-day activities.

We do recognise that many community and consumer organisations operate on small and stretched budgets. We will therefore look at ways in which ASIC can support, financially or otherwise, education initiatives of other organisations providing face-to-face education, including for example, by developing resources that they can use.

In addition, we do not consider that it would be appropriate for us to begin offering courses on investing or other financial issues to consumers. There are already many specialised education providers in the private and community sectors, and numerous adult education courses available on financial services issues.

Finally, providing personalised financial advice is clearly outside the scope of our role.
Our priorities

Our priorities for our consumer education work are:

1. Retirement planning and investing generally;
2. Superannuation;
3. E-commerce;
4. Insurance;
5. Dispute resolution;
6. Financial literacy and financial exclusion;
7. Consumer rights; and
8. Credit.

We set these priorities by considering trends and key issues in financial services and the feedback we received from our Discussion Paper: Educating Financial Services Consumers.

Trends and current issues

The following factors were considered in setting our priority areas.

Our ageing population

The fact that the Australian population is ageing is likely to reduce the ability of governments to provide government pensions and other financial support to those who have retired from work. In turn, this will increase the need for consumers across the social spectrum to provide for themselves in retirement.

The importance and complexity of superannuation

A survey that we conducted in 1999 showed that many consumers did not understand the annual statements from their superannuation fund, or did not know how much money they had in the fund. Any expansion of the choice of funds would further increase the need for consumer education in this area.

Privatisations and demutualisations

Privatisations and demutualisations have led to increasing levels of participation in share ownership by ordinary consumers. This has come at a time when financial markets have generally been going through an extended boom period, thus perhaps leading to inaccurate perceptions of the risks involved in investing in the stock market.
The needs of disadvantaged consumers

Although many consumers find it difficult to make informed choices about financial services, some groups of consumers suffer particular difficulties or disadvantages in their dealings with financial services businesses and/or have different experiences compared to the general population.

The Financial Services Reform legislation

These changes will lead to improvements in consumer protection, however, to gain the most from the changes, consumers will need to be able to understand and use the various disclosure documents and other information they will receive.

Our complaints and enforcement work

For example, our experiences where vulnerable groups in the community have been subject to systemic mis-selling or fraud. The consequences of such practices can be financially devastating to consumers on low incomes, or who have marginal involvement with financial services, even though the amounts involved may be relatively small.


gaps and overlaps in consumer education

These were identified in the Stocktake of Consumer Education in Financial Services (described in our Discussion Paper).

Material in community languages

As explained in the Stocktake referred to above, there is a lack of consumer education material provided in community languages or targeted to communities from non-English speaking backgrounds. This may place these consumers at a disadvantage compared to other consumers.

Results from our Consumer Issues Survey in 1999

Our Consumer Issues survey found that the main consumer issues for ASIC were super choice and consumer empowerment; direct equities; banking (disclosure of fees, banking at the fringe); financial advice from sources that are not truly independent; e-commerce; direct selling of insurance and banking products; insurance (especially regarding exclusions and underinsurance); alternative dispute resolution schemes; and real estate investments.

Our compliance and surveillance work

For example, our campaign on disability insurance showed that many agents are not able to clearly explain important aspects of these policies.
Responses to our discussion paper

We have also taken into account the comments received in response to the Discussion Paper. Most submissions supported the priority areas and proposed role outlined in the Discussion Paper, however, some noted that it would be difficult for one agency to cover such a broad range of topics.

Many submissions also provided additional suggestions for our consumer education role. For example, they suggested that we needed:

- more direct references to the needs of low income, vulnerable consumers. The disproportionate needs of these consumers should be made a key focus of the action plan;
- initiatives to develop dedicated ways for ASIC to communicate with community and consumer representatives (for example, regular meetings, phone hook-ups, and/or meetings with regional offices);
- a continuing education program that addresses consumer concerns – for example, where to obtain financial advice, investment risks involved, need to take an active role in investment decisions, etc.;
- less focus on insurance and banking issues, which are already well known; and
- a focus on areas of importance to a broad range of consumers – investment basics, banking products, superannuation, savings, scams, redress, and retirement planning.

In terms of actual initiatives suggested in the Discussion Paper, the following were strongly supported by submissions:

- Scams education;
- Investment guidance – general education material on investment issues and options;
- Banking guidance – to help consumers identify key features of products and key questions to ask when choosing products;
- Education about new technologies in financial services;
- Community intermediaries – training and/or providing resources;
- Print media coverage – including incorporating relevant issues in ‘women’s’ magazines, lifestyle magazines, general entertainment magazines;
- Broadcast media coverage of financial services issues and stories;
- Reference sheets/guides on consumer codes and ADR schemes;
- Incorporating material into seminars and publications by Centrelink’s Financial Information Service;
- Education material on mortgage brokers; and
- Young consumers and World Consumer Rights Day.
What we will focus on

Our priorities for consumer education were set out at the beginning of this Section. While the detail of how we will approach each of these 8 subject areas is still being developed, some of the issues we will focus on are set out below. They incorporate many of the initiatives suggested in our Discussion Paper, *Educating Financial Services Consumers* and in the responses to that paper. The list is not intended to be exhaustive and those issues listed are subject to a mid strategy review and a need to retain sufficient flexibility to be responsive to emerging issues. Some of the projects listed here are discussed in greater detail in Section 4 of the strategy.

**Retirement planning and investing generally**

For many people, when they retire is the first time in their life that they will have a significant sum to invest. If consumers don’t have basic skills and knowledge to assist them with investment decisions, particularly where large sums are involved, things can and do go wrong. The consequences can be devastating. Our experience over the last decade has taught us that the focus of our consumer education in this area should be on such issues as:

- How to get good financial advice. This may include considerations relating to how to choose an adviser and how to understand the remuneration of advisers.
- How to identify and avoid scams.
- Information about solicitors’ mortgage schemes.
- What to do with lump sum payouts (eg from redundancy, superannuation, inheritance, divorce etc).
- Using the new disclosure documents introduced by the FSR legislation.

**Superannuation**

Because of the importance of superannuation to the financial well being of consumers in their retirement, superannuation will be a particularly strong focus of our education strategy. To maximise our effectiveness in this area, especially in terms of the timely distribution of material, we will be looking to partner with other organisations for some of our superannuation education initiatives. The types of superannuation issues we are likely to focus upon include:

- What to look for when choosing or changing a superannuation fund – including how to use the new disclosure documents introduced by the FSR legislation and understanding the fees associated with superannuation and their impact.
- How to read, understand and use a superannuation statement.
- Information and warnings about accessing superannuation before retirement.

**E-commerce**

E-commerce developments in the financial services sector have the potential to provide consumers with huge advantages in terms of convenience and savings. For consumers to access these advantages, however, they need to have confidence in the systems. This means understanding any risks and how to minimise them and understanding their rights. This is an area where we will need to remain extremely flexible so that we have the capacity to respond to new developments. At this time, however, issues that we are planning educational activities in relation to include:

- consumers’ rights under the EFT code;
- using and cancelling direct debit authorities; and
- account aggregators – what the consumer risks are, how to reduce them and how to make an informed choice.
**Insurance**

We see certain perennial problems in the insurance area. These include such issues as consumers not adequately understanding what is and isn’t covered by a policy or their duty of disclosure as well as problems associated with the misselling of certain types of policies. Our educational work in the insurance field will focus upon such issues.

**Financial Literacy**

Creating a financially literate community is a long term agenda item which won’t be completed during the life of this strategy. That said, we see this as an essential goal of our consumer education work. In addition to the more general education projects discussed here, financial literacy projects we will be focussing upon over the next few years include:

- participating in research to measure financial literacy;
- stage one of our schools project which is designed to understand what financial literacy education is currently included in curricula and, if necessary, the processes for influencing curricula development; and
- demystifying terminology in the financial services.

**Consumer rights**

Rights are significantly weakened if consumers are unaware of the rights that they possess and how to exercise them. We will have a continual focus on educating consumers about their rights, including how to complain when things go wrong and where to complain to.

**Credit**

The new financial services reform legislation will result in credit being covered by the ASIC Act. To highlight our new credit role we will undertake a number of credit related education initiatives including in relation to:

- mortgage / finance brokers;
- margin lending; and
- debtor harassment.
Overview

Our education strategy has 3 parts – (i) preferred delivery mechanisms, (ii) specific new initiatives we intend to implement, and (iii) research and coordination initiatives.

We have spent some time developing our views on the delivery mechanisms that we intend to use. We expect to use a variety of delivery mechanisms for each priority issue we have identified, and we will choose the most suitable mechanism(s) for each topic as we develop our plans further. Consultations with the relevant target groups and other information we receive on effective delivery mechanisms will help us to finalise particular initiatives.

Some initiatives in our strategy will require a relatively short time to develop and implement. Others will require substantially longer time frames for development and implementation, and some of these may involve a number of separate stages. In addition, we expect that we will develop and implement some initiatives in partnership with other organisations.

Our strategy is ambitious. However, we believe that, subject to resource constraints, we will be able to achieve the bulk of the initiatives described in this paper, as well as those to be developed, over the next 3 to 4 years. We prefer to set an ambitious program so that our priorities are clearly established. However, we will also need to build some flexibility into our planning in order to respond to new issues or projects that become more relevant or topical. We do not expect to undertake all of the initiatives simultaneously.

In addition to those initiatives we conduct ourselves, we will also take up opportunities to provide input into the consumer education initiatives of other organizations including relevant industry and government education projects.

We will continue to consult with relevant organisations as we develop and implement particular initiatives. In particular, we are committed to ensuring that we provide appropriate opportunities for consumer and community organisations to have input into the implementation of our strategy and the development of particular initiatives. We will liaise with consumer and community organisations about the most effective ways to facilitate their involvement.

When undertaking each education project we will devote time to planning, including identifying our target audience and appropriate delivery strategy. We will use our best endeavours to ensure that any materials we prepare are accurate and are designed to be easily understood by their intended audience as well as relevant to the needs of that audience. Where we partner with other organizations in an initiative we will take steps to ensure that the independence of our advice is not compromised. Finally, subject to resources, we will seek to evaluate and test the effectiveness of at least our bigger projects and will invite feedback on how we have gone from interested parties.

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1 For example, we have commissioned the University of Technology, Sydney to conduct a literature search and review of consumer education research. This review will distil experiences about effective consumer education methods.
Delivery mechanisms

Our approach

We will seek to understand the characteristics and needs of the target group and use a mix of formats and distribution mechanisms to ensure education activities are effective.

Fido, our consumer website, will continue to be our primary vehicle for telling consumers about financial products and services, scams, safety checks, current issues, and other matters. We will continue to promote and improve Fido.

Where appropriate, Fido material will also be suitable for printing and distribution through other means. We also intend that Fido content be suitable for recycling or repackaging in education activities involving different delivery channels.

However, although use is growing, there are some consumers who rarely use the Internet. For example, consumers who are older, in rural and remote areas, on low incomes, or from non-English speaking backgrounds are reported to have relatively low levels of use of the Internet.²

To meet the needs of these consumers, we will continue to produce and develop relevant written material (eg brochures or fact sheets), but will carefully consider the most effective ways to distribute the information.

We will also consider providing information in community languages. For example, we’ve suggested a campaign on the right to complain, targeted at communities from non-English speaking backgrounds, and for multi-lingual fact sheets.

We will also work with the media and community intermediaries to ensure that our messages and education initiatives reach our target audiences.

We identify four types of delivery mechanisms:
• internet;  
• media;  
• external liaison; and  
• publications,
and explain below how we will use them.

Internet

Fido, ASIC’s consumer website

Fido (Financial Information Delivered Online) is ASIC’s consumer website (www.fido.asic.gov.au). Fido was launched in March 2000 and already has around 40,000 hits each month.

A large number of consumers have access to, and regularly use, the Internet, whether at home, at work, at Internet cafes, and/or at community facilities such as libraries and community centres. Young people, in particular, are familiar with the Internet, and are much more likely to use it than older Australians.³ (The ‘Young Investor’ section of Fido is one of the most visited sections, offering us a wonderful opportunity to educate people at a young age about investing and superannuation and their rights and responsibilities as consumers of financial products and services.) The Internet is an easy, relatively cheap, and efficient means of delivering information and searching our databases.

The Internet is also an efficient way of distributing information to community and consumer workers – who then pass it on to their stakeholders. They can do this in two ways: by handing out paper copies of ASIC

²,³ See for example, Australian Bureau of Statistics, Use of the Internet by Householders, Australia, Catalogue No 8147.0, November 1999 and 2000.
website material to people who do not have Internet access and by putting links from their website to Fido. ASIC Infoline staff also encourage callers who have Internet access to visit Fido.

Other websites, including financial institutions, regional sites, superannuation funds, news sites, professional organisations and at least one Australian embassy overseas, have links to Fido for their visitors.

As explained above, we therefore intend to use Fido as our primary vehicle for delivering information on financial products and services, scams, safety checks, current issues, and other matters. We are continuing to improve Fido and offer new features. We will also ensure that, where appropriate, the material that is available on Fido is also suitable for printing and delivery through other means.

In terms of content, we are focusing on improving existing and expanding content on the priority areas listed in Section Three.

We will also examine ways of increasing the profile of Fido and directing traffic to the site.

**Fido News, a monthly e-bulletin**

Fido News was launched in March 2001.

FIDO News:
- warns consumers about recent scams;
- tells consumers when we’ve issued consumer alerts; and
- provides the latest tips and information about investing in shares and managed investments, insurance, superannuation, and depositing money.

Fido News is a handy service for people who don’t visit Fido regularly.

While subscriptions are still at relatively low levels (compared to the number of visitors to the website), they are increasing rapidly. We will continue to develop and improve Fido News and promote its availability. We will also directly contact relevant journalists to alert them to this new service.

**Media**

**Advertising campaign based on “The Fido Files” or similar**

Our experience suggests that consumers are interested in “real life” stories, rather than hypothetical or theoretical discussions. This is why initiatives like the Gull Awards are popular. Through hearing about the experiences of others, consumers can gain an understanding of typical problem areas. This in turn may lead to an awareness of potential traps and the importance of obtaining more information in the financial services sector.

We intend to explore the feasibility of an advertising campaign that could be based around a series of 4 – 10 different stories of real life scams – the “Fido Files”. The campaign would include tips to avoid the particular scams referred to, and would direct consumers to Fido and Infoline for more information.

The campaign would be supported by providing additional information to relevant media outlets, including newspapers, lifestyle and general interest magazines, money commentators, and others.

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4 The Gull Awards section of Fido is a collection of true stories about outrageous financial scams. We encourage people to alert us to Gulls, and we award a $50 prize to people who nominate the best Gulls. Gull stories receive good newspaper and radio coverage, and serve to remind consumers about scams and how to avoid them. The Gull awards also encourage community participation in our work.
One possibility is to develop a campaign based around advertising on public transport – for example, by placing advertising panels in buses around Australia. This may be an effective way to capture the attention of consumers who are not necessarily looking for information about financial services at the time, but might remember the Fido name for future reference. The relative merits of this form of advertising over other options will, however, be assessed before we commit to any form of advertising.

‘Consumer tips’ columns
Consumers nowadays get much of their information from the print, radio and broadcast media. These sources are particularly important for attracting the attention of consumers who might not normally seek out specific information on financial services, but may be in the process of making or reviewing a financial decision.

We will therefore develop a proposal for a consumer tips and/or consumer advice column in relevant, high-circulation publications, including those with different readership profiles. We will also explore the possibilities of providing relevant material for television and radio programs.

In addition, we will continue to develop appropriate relations with the media to ensure that financial services issues are included in the most widely accessed media – including newspapers, current affairs and lifestyle programs, popular magazines and regional publications.

Consumer Alerts
We regularly release ‘Consumer Alerts’ which warn consumers about topical problem areas and/or educate them about commonly misunderstood areas/issues in the financial sector. We aim to release approximately 4-6 consumer alerts each year, although this may vary depending on the issues that are current.

Consumer alerts are issued via media release, and are available through Fido.

External liaison

Community intermediaries
There are many community intermediaries that might provide the first point of call for consumers with a concern in relation to financial services. These intermediaries may not necessarily be consumer advocates or people who are familiar with consumer protection issues. Instead, they might be migrant resource workers, community centre staff, workplace or union representatives, or information and referral workers in general community centres.

Submissions to the Discussion Paper and our own research suggest that some groups in the community prefer to seek information on financial services issues through personal contact. It is therefore important that such community intermediaries know at least the sources of information or referral for queries and disputes about financial services.
We will consult with relevant consumer and community groups to identify the needs and priorities for these workers, and to identify the most effective way of providing information and assistance that will enable them to assist, educate, and advocate for, their constituents. This might be through:

- conducting seminars / training sessions with community workers – explaining consumer issues and rights in financial services;
- developing a kit on financial services issues for community workers; and/or
- including information about financial services issues in existing community worker resources.

The fact sheets that we intend to develop may also be relevant to this project.

**Infoline**

Infoline is our principal call centre for information, regulatory and enforcement activities. It performs a vital role as a first point of contact for consumers, and complements our electronic delivery of information through Fido.

Infoline staff distribute publications, provide general advice, and refer callers with more detailed queries to appropriate sources, both within and outside ASIC.

**Providing content for existing community and government courses**

There are a range of courses already run in the community that might usefully include financial services information, and thus improve financial literacy in adults. Often these courses are targeted towards consumers who might have particular disadvantages when dealing with financial services issues or who might have low levels of financial literacy.

We intend to liaise with relevant organisations to assess the possibilities for incorporating financial services education into the existing courses in the community. Where we identify appropriate opportunities, we will work with the organisations concerned to incorporate relevant education and information on financial services issues and skills, and to provide appropriate resources and support.

The types of courses where financial services information might be usefully included could be:

- courses on English as a Second Language;
- living and parenting skills;
- job preparation (eg run by Centrelink, youth centres);
- migrant resource centre programs;
- senior citizens programs; and
- workplace programs (eg run by unions).

**Investor forums and presentations to community groups**

Investor forums are an effective way to provide face-to-face education and information to large groups of consumers. Our forums are well attended, and provide a good starting point for consumers wanting to learn more about financial issues and how to protect themselves from scams and frauds.

We will continue to organise Investor Forums in both regional areas and capital cities, and will use the forums to promote the availability of information through Fido and other sources.

Our Regional Commissioners and other staff also regularly give presentations to community groups. Again, these are an important part of our consumer education work, and we will continue to respond to requests for such presentations as resources permit.
Publications

Fact sheets
Comments from community groups and others suggest that fact sheets on relevant topics can be a useful way to promote and support education initiatives. Fact sheets that are short and punchy can be made available on the Internet for viewing or printing by consumers, intermediaries, teachers, and others. They can be used:

• by individual consumers, to help them with their decision making;
• by caseworkers and community advisers, to provide to clients to reinforce the information provided;
• by community educators, to incorporate into relevant education sessions;
• by teachers, to support classroom activities; and
• by ASIC staff, to support Investor forums and talks to community groups.

Stand-alone fact sheets can, if clearly written, be suitable for translation into other languages in appropriate circumstances.

Fact sheets also lend themselves to easily being targeted to specific consumer groups.

In the UK, the Financial Services Authority (FSA) has released a series of guides to different products and issues (e.g., the FSA guide to making a complaint, the FSA guide to financial advice). According to the FSA, these publications have been well received.

We propose to issue a series of simple, one-page fact sheets on relevant topics for consumers. The fact sheets will have a practical theme, and will focus on issues such as: how to compare products or providers; knowing what questions to ask and what to do with the answers; how to complain, etc. We hope that this practical approach will make the fact sheets relevant to the time when consumers are making decisions, thus increasing the likelihood that the information will be absorbed.

We will work with community groups and others to ensure that the topics covered by the fact sheets are appropriate and to develop suitable distribution opportunities. We will also consult on the need to provide relevant fact sheets in other languages (see below).

Developing fact sheets will be an ongoing project. We will aim to develop 4 fact sheets each year for the next 3 years.

Multi-lingual library of fact sheets
In addition to developing fact sheets in English, we intend, over time, to develop a resource library of fact sheets in relevant community languages. Again, we will work with relevant community organisations to choose appropriate topics and to ensure that translations are appropriate and topics are not duplicating existing work. (The topics may not necessarily be the same as those used for the fact sheets in English.)

We plan to develop at least one fact sheet in community languages each year, but may develop more depending on budgetary considerations. However, there is likely to be a tension between the number of fact sheets that we can produce, and the number of languages each fact sheet can be translated into. For the 2001-2002 financial year, we propose, subject to consultation, developing a fact sheet on how to complain about financial products and services.

We may be able to link this work with a project to provide fact sheets on credit and debt issues in community languages. The Consumer Credit Legal Centre (NSW) and the Macarthur Legal Centre are currently implementing this project.
Distribution of consumer publications

Our two main consumer publications are ‘Don’t Kiss Your Money Goodbye’ and ‘Super Decisions’. These publications are distributed through relevant industry associations and their members, and are also available on Fido in ‘soft copy’.

We will continue to promote these publications (and any new ones) and to look at developing even more effective means of distribution, so that they are provided to consumers at the time they need the information.

As discussed later in this paper, planned new publications include a plain language guide to the EFT Code, and a short guide on ‘How ASIC can help you’.

New initiatives

During the life of our consumer education strategy, we intend to implement a range of initiatives to cover the priority areas previously mentioned. We have not yet identified or planned all of these initiatives, however, we have identified some initiatives, and some of these are described below.

Plain language summary of EFT Code

To support the revised EFT Code (which commences in April 2002), we will develop a plain language summary of the Code for consumers, advisers, and others.

This will be available through our Internet site and through Infoline. We will provide copies of the brochure to ADR schemes to distribute to complainants. We also intend to work with financial institutions and their associations to explore other ways of distributing the information (for example, by co-branding the document, and having it available in branches and call-centres).

Insurance education for Indigenous communities

As a result of an enforceable undertaking given by an insurance company in 2000, some funds have been provided to prepare, produce, and distribute educative materials in insurance targeted to indigenous consumers.

We have already begun talking with relevant experts about the most effective way to use these education funds.

Glossary of terms and types of financial products

Fido currently includes links to plain language definitions to a number of the terms used on the site. However, we intend to expand this service and develop a stand-alone glossary of common terms in financial products and services, with plain language definitions and examples. Where possible, we will continue to provide a link to the relevant part of the glossary where the relevant term is found in Fido text. We may also look at whether pop up boxes could be used to explain relevant terms whilst the consumer is viewing other sections of Fido.

We will also explore ways to target this information to consumers who do not have access to, or regularly use, the Internet.

“How ASIC can help you” – general publication

We intend to develop a short brochure explaining our role, and the services and information that we can provide to both consumers and the businesses that we regulate.

The brochure would also provide information on where to go for more information.

We understand that developing a brochure alone is insufficient to draw it to the attention of consumers, and we will ensure that it is distributed in a way that supports
our other education initiatives. For example, we will look at distribution:

- by ASIC staff at Investor Forums and community meetings;
- by ASIC staff at stalls at public shows etc;
- to community intermediaries – in conjunction with an ASIC presentation or other personalised contact;
- to libraries and other public / community venues – in conjunction with an ASIC presentation or other personalised contact;
- by Infoline staff in appropriate circumstances;
- to electorate offices for distribution to constituents in relevant circumstances.

**Working with others to deliver superannuation education**

Education about superannuation issues is a priority area for us, and it is also likely to be a priority area for the Australian Taxation Office and other organisations. It will be important that there is a coordinated response to these issues, and we therefore want to work with others to ensure that appropriate education initiatives are developed.

**Financial literacy in schools project, Stage 1: Survey of existing financial services consumer education**

A key priority for our work on improving financial literacy will be to encourage the provision of financial services education to children and teenagers through school education. Targeting initiatives towards children in schools can often also have a wider impact – for example, children may discuss homework or projects with other members of their family.

We hope to develop a long-term project, in conjunction with other organisations and agencies, which will ensure that children have a reasonable level of financial literacy by the time they start having to make their own financial decisions.

The first stage of this project will be to gain an understanding of the extent to which personal finance education is already provided in schools in Australia, and of the differences between jurisdictions. We intend to work with relevant agencies to review curricula and other material to assess the current provision of personal finance education in schools, as well as to identify the processes or procedures for promoting change (if needed). During this first stage we will also examine the extent to which financial literacy information is incorporated in curricula overseas and, where it is, how this is done.

Once this survey is complete, we will be in a better position to assess what change, if any, is needed, and the role that ASIC should play in facilitating change.
"Right to complain" campaign

Most alternative dispute resolution schemes in the financial services sector report that people from non-English speaking backgrounds do not use the schemes to the same extent as consumers for whom English is their first language. This is consistent with findings on the use of complaints mechanisms in other areas.

We will therefore consult with the relevant schemes, Treasury, and relevant community groups to ascertain whether there is a need for a campaign to inform people from non-English speaking backgrounds about the availability of dispute resolution schemes. Such a campaign will need to be sensitive to the barriers to access by members of the different communities – for example, some cultures may discourage or find uncomfortable overt litigation or complaint.

If a need is identified, we will seek to make such a campaign a joint project that promotes the right to complain, rather than any particular scheme, and provides clear avenues for accessing the correct scheme.

We will consult closely with the relevant communities about the most effective way to target the information to different communities, including by providing information in relevant community languages. We expect that our proposed fact sheet on how to complain (see above) will be a component of this campaign.

School leaver publications

In 2000, we developed a ‘Finance Facts’ flyer that was distributed to all ACT Year 12 students with their final results. This contained some basic tips that were particularly relevant for those leaving school and starting work and/or tertiary education.

Other jurisdictions also produce booklets on general consumer issues that are targeted to school leavers.

We intend to work with the relevant education and Fair Trading / Consumer Affairs agencies in the States and Territories to ensure that school leavers (at all levels) receive basic information about financial services that are relevant to the decisions that will be facing them.

We may do this by distributing a separate publication (for example, the Finance Facts flyer) or by providing content for school leaver publications developed by the State and Territory agencies.

Campaign for classified advertisers

Unfortunately, the financial services sector is not immune from businesses that distribute misleading or deceptive advertising. Particular areas of concern include the advertising of investments and investment seminars that promise ‘get rich quick’ investment strategies.

One way to reduce the incidence of misleading or deceptive advertisements is to give classified staff the information and skills to recognise potential problems and to develop policies on refusing to publish illegal or borderline advertisements.

We intend to work with the relevant industry association to develop a campaign to draw the attention of classified advertising staff to this issue, and to help them develop appropriate policies for rejected advertisements. This initiative will include a resource that enables staff to identify problem areas.
Coordination and research

This section describes our coordination and research initiatives. However, it is possible that additional research projects could be added once these current projects have been completed.

Consumer education bulletin board

In 2000, we launched the Financial Information Directory – an online directory of consumer education resources produced by government, industry, consumer groups and others.

We intend to complement the Directory by developing a bulletin board or discussion forum, where those providing consumer education in financial services can:

- notify of upcoming projects;
- seek partnerships for developing consumer education material;
- exchange views on the effectiveness of consumer education initiatives.

There are some preliminary issues – including that of moderating content – that would need to be resolved before we could formally commit to hosting such a service.

Financial Information Directory

The online Financial Information Directory was launched in November 2000, and was developed with the assistance of the Securities Institute. The Directory provides information about over 300 consumer education resources provided by government, industry, and consumer groups, and many of the resources listed in the Directory are available on the Internet.

The Directory is a useful tool for consumers, consumer advisers, and suppliers of education resources:

- Consumers can use the directory to find information produced by a range of organisations.
- Consumer advisers and community workers can use the directory to find information that they can use in their work, or that they can provide to their clients.
- Education providers can use the Directory to identify whether there are any gaps in provision of material, whether someone else has already produced material that they intend to produce, and/or to identify possible organisations for joint projects.

We plan to conduct an update of the Directory later this year, and will continue to explore ways to promote the availability of the Directory in the community.
Benchmarking financial literacy

There is currently a paucity of information about the level of financial literacy in the community. In our Discussion Paper, we flagged the possibility of initiating a project to measure and survey current levels of financial literacy. We have since been informed of the possibility that a similar project might be undertaken by a private sector organisation. If this project proceeds, we hope to be able to provide appropriate input and support to the project.

Literature survey and review of consumer education research

During 2001, our Consumer Advisory Panel (CAP) commissioned a research project to survey and review research on consumer education. The aim of the project is to:

- survey and collect existing research on consumer education issues, including published and unpublished material;
- review the existing research to isolate the messages and lessons that may be relevant for the development and implementation of ASIC’s consumer education strategy, including lessons about the factors that make an education campaign effective and any best practice guidelines;
- identify whether there is a need for ASIC to conduct or commission any further research on consumer education issues, and if so, what that research should cover.

The resulting report is expected by the end of 2001.

Feedback

Feedback from our Discussion Paper suggested that a variety of formats, distribution methods, and targeting methods could be used. Most submissions specifically noted that it is important to choose the right format, distribution method, and targeting method depending on the needs, interests and characteristics of the target audience.

Feedback also highlighted the importance of aligning the distribution and format with the common processes used for making the relevant financial decision, eg in conjunction with a planner or adviser. This will assist in delivering education at the time that consumer needs to make or review a decision.

A summary of the main points raised in feedback is on page 27.
Commentators on our discussion paper

Written comments on the *Educating Financial Services Consumers: Discussion Paper* were received from the following organisations and individuals.

Association of Superannuation Funds of Australia Limited
Australian Competition and Consumer Commission
Australian Consumers’ Association
Australian Retirement Fund Pty Ltd
Australian Retirement Income Streams Association Limited
Australian Shareholders’ Association
Care Inc. Financial Counselling Service
Commonwealth Bank of Australia
Consumer Affairs Division, Department of the Treasury
Consumer Credit Legal Centre (NSW) Inc.
Consumer Credit Legal Service (Vic)

CPA Australia
Department of Family and Community Services
Financial Information Complaints Service
Financial Planning Association of Australia
Gordon Renouf (Consumer Consultant)
Institute of Actuaries of Australia
Institute of Chartered Accountants
Insurance Council of Australia Limited
Learning Circles Australia
Money Skills Pty Limited
More Than Just Talk
National Information Centre on Retirement Investments
National Insurance Brokers Association of Australia
NRMA Insurance Limited
Plum Financial Services Ltd
Securities Institute of Australia
Format and distribution methods

This appendix provides a summary of the main suggestions made in submissions to the Discussion Paper in response to questions on format and distribution methods.

Internet

Submissions supported the view that the Internet could be an effective distribution mechanism for information, and also suggested that it was important to develop strategies to drive traffic to ASIC’s internet site (eg hyperlinks from other sites). Submissions noted that the Internet also has the potential to be a very effective mechanism for distribution of relevant information to community workers (eg fact sheets in English and community languages).

However, it was recognised that some groups may have little interest in, or access to, the Internet, and that Internet should not be the sole mechanism used for delivering consumer education.

Written material

A number of submissions suggested that written material could be effective in appropriate circumstances. For example, when used in conjunction with back up support via telephone; when provided as an adjunct to a direct service (eg a seminar, training session, or other face to face activities); or in response to a specific query.

It was also suggested that written material in community languages would often be well received, as there is so little material in community languages available. However, direct translation of material in English is rarely satisfactory, and it is important to consider the target group’s level of literacy in their first language.

Media

A number of submissions suggested that the media was an effective tool for consumer education, especially for achieving broad based outcomes. One submission suggested that print media was particularly effective for older consumers.

Suggested strategies for using the media included providing a regular column to mainstream and specialist media outlets on consumer education, and delivering warning about possible pitfalls through human-interest stories, infotainment, and drama.

Advertising in relevant media might also be effective – for example, by providing a contact number for written information, or by copying the techniques of scamsters to grab the attention of readers.

The importance of targeted media was also highlighted by a number of submissions. For example, youth media and youth events can be effective mechanisms for providing information to young people. Similarly, ethnic media – newspapers, radio, newsletters, etc – can be used effectively to target consumers from non-English speaking backgrounds.

Intermediaries

A number of submissions suggested that community and other intermediaries could be used effectively for distributing or channelling information to consumers. Community intermediaries are often a first port of call for consumers with a problem, and working with intermediaries can maximise the effectiveness of the information provided, as well as the number of people that can be reached.
Workplace representatives may also be effective intermediaries in the delivery of consumer education. Another option might be to provide relevant resources to be used in the context of informal education already used in the community (e.g., living and parenting skills courses, migrant resource centre programs, senior citizens programs, etc.).

However, it is important to ensure that intermediaries are independent, and also to take into account the time and resource constraints facing consumer representatives, service delivery agencies, and other community intermediaries. Also, intermediaries often see consumers only after a problem has emerged.

It is also important to recognise that there may need to be some education delivered directly to the target group, e.g., to alert them to the availability of the service.

Another submission suggested that it would be most effective to partner with organisations that are already servicing the target audiences in a way that allows ASIC sourced information to retain its independence.

**Video presentations**

Video presentations, for example, through open learning channels, were suggested as being useful for consumers with lower literacy levels.

**Learning circles / discussion guides**

It was suggested that learning circles and discussion guides were a good way to increase understanding and facilitate participation and discussion on financial services issues, especially for complex matters. Participants also learn from the process of discussion. In addition, it was thought that some people might be unresponsive to teaching environments that imply a power imbalance.

Learning circle processes also have the potential to target groups facing particular barriers to accessing mainstream consumer education programs (e.g., young people, people from non-English speaking backgrounds, women, and older people).

**Other suggestions**

Other suggestions for effective format and distribution mechanisms included:

- seminars and talks by qualified speakers;
- relevant magazines or newsletters;
- 0055 consumer advice numbers;
- audio cassettes;
- advertising on milk box cartons.

**Targeted initiatives for vulnerable groups**

In relation to targeting vulnerable groups, a strong theme emerging from the submissions was that there was no universal ‘right way’ to meet their education needs. Instead, initiatives need to be designed in conjunction with relevant community groups or organisations that represent or support the members of those groups. It is important to have direct involvement and ownership by stakeholders, and also to use existing community organisations and networks for delivery and distribution of consumer education material and messages.

It is also important to recognise any potential blocks to effective education delivery to the target group. For example, some immigrant communities may have significant cultural differences compared to those born in Australia, or may have suffered recent trauma and/or have English language difficulties.
Find all ASIC’s financial tips and safety checks for consumers and investors at www.fido.asic.gov.au

Order copies of our publications Don’t Kiss Your Money Goodbye and Super decisions: a guide through the superannuation maze through ASIC’s Infoline.

Email: infoline@asic.gov.au or
Phone: 1300 300 630
The Australian Securities and Investments Commission enforces company and financial services laws to protect consumers, investors and creditors.

We are an independent Commonwealth government body, responsible for consumer protection in shares and other financial investments including managed funds, superannuation, insurance and deposit taking.

We regulate and inform the public about Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance and deposit taking.

The Australian Securities and Investments Commission Act 2001 requires us to

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