



ASIC

Australian Securities & Investments Commission

MoneySmart Week and doing a Money Health Check

*A speech by Peter Kell, Commissioner,
Australian Securities and Investments Commission*

ABA Conference - Broadening financial understanding

5 September 2012

I am delighted to be speaking to you today, during the first annual MoneySmart Week.

MoneySmart Week is a national initiative taking place all this week around Australia to help people get motivated about improving their personal finances. Many of you in the audience are part of the collective work we are doing in MoneySmart Week, and I thank you for your participation in such an important initiative.

Let me spend a few minutes outlining why the Australian Government Financial Literacy Board initiated MoneySmart Week.

In essence it's about motivation, and encouraging people to take action with their money. Many people feel stressed about money matters, or would like to be doing better. But sometimes people can stick their heads in the sand, don't know where to start, or just don't get around to taking action.

MoneySmart Week is about giving people the impetus to take action – that is, encouraging and motivating them to take one or two very simple steps that can make a big difference to their financial wellbeing.

This is important for many reasons. If people are financially literate – that is, they understand money issues and are able to confidently make smart financial decisions – this improves their quality of life, the opportunities they can pursue, their sense of security. It also contributes to an efficient and growing financial services sector and to the overall economic health of our society. We all benefit when levels of financial literacy improve.

MoneySmart Week is the first product of the 'partnerships' approach identified in the National Financial Literacy Strategy that ASIC published in March 2011. The partnerships approach brings together a broad range of stakeholders whose goal is the same – to enhance the financial wellbeing of all Australians. Although only the inaugural year, it is already a great example of a successful partnership between government, corporate and community sectors.

Over 50 organisations from these sectors have worked together for many months to coordinate MoneySmart Week.

The work was done under the umbrella of Financial Literacy Australia Limited, a not-for-profit organisation that was established earlier this year, led by Paul Clitheroe and including other members of the Financial Literacy Board that Paul and I both serve on.

Organisations across the country are holding MoneySmart Week events this week in their local communities and workplaces. The events include money management seminars, workplace competitions, financial quizzes and lunchtime sessions about managing money.

On Monday evening, MoneySmart Week awards were given out to recognise the excellent work being done in the community, schools and workplaces to advance financial literacy. The number and calibre of the nominations was fantastic.

The main way that people can get involved in MoneySmart Week is to visit the MoneySmart Week website and do the Money Health Check.

The Money Health Check is a tool that ASIC has developed with extensive user testing.

The Money Health Check is easy, it's online and it's relevant to everyone. It takes about six minutes to answer the questions. You can do it on your iPad or download the phone app – so you can do it anywhere, anytime.

The Money Health Check asks you some simple questions about your personal finances across eight money topics, and at the end of each topic the health check tells you if that money topic is under control, for you.

Once you've completed the Money Health Check, you get a full report on your money health, as well as some simple 'to do' actions to improve your financial situation. You can choose which actions you want to save, print or email to yourself.

If you haven't already done it, check it out. It will give you some simple and concrete steps you can take to improve your finances. For example it might suggest that you:

- create a budget;
- set aside some savings for a rainy day;
- get insurance to cover the things that are important to you;
- contact relevant government agencies to make sure you are getting all the payments you are entitled to;
- review your income protection insurance; or
- do a will.

These might sound like modest steps, but they are a necessary beginning. It's a simple sequence – people must have their week-to-week finances under control before they can save; and they must save before they can invest.

Thus, as well as giving information, the Money Health Check aims to give you the motivation or impetus to act.

Like many of the tools and calculators on ASIC's MoneySmart website, the Money Health Check is about getting people to think of money as something they can control, and building habits around taking control of their money.

Many of the features of the Money Health Check and of other tools on ASIC's MoneySmart website – things like 'to do' lists and reminder emails – tie in with behavioural research about what works best to achieve changes in people's behaviour.

It is clear from research that simply providing information alone, even if it improves knowledge, is unlikely to change the way that most people behave.

Instead we've learnt from behavioural economists and social marketing experts that what works best, to trigger changes in behaviour, are:

- resources that reach people at 'teachable moments' – that is, they meet people's information needs at specific or unplanned life events, or when they have a particular decision to make;
- resources that give people practical tools and simple steps to follow; and
- communication that influences people emotionally to commit to their goals and get encouragement and reinforcement (like reminder emails, 'to do' lists, or notifications when a milestone is reached).

We have deliberately structured our material on ASIC's MoneySmart website in that way. In particular, we make the behaviour change easy – we take people one step down the path they need to take.

ASIC's MoneySmart website is also increasingly moving towards providing its tools in mobile form so that people can use them when they need to, wherever they are. We have five of our most popular calculators available in one app. Just last month we released another new app, TrackMySpend, which shows you exactly what you are spending your money on – you can track your personal expenses on the go, view your spending history and find out exactly where you can save money. Twenty-seven thousand people downloaded this tool in the first week, so it is clearly meeting a need.

As an aside, I don't want to leave people with the impression that we are only focusing on short-term actions. These short-term goals are complemented in the National Financial Literacy Strategy by crucial measures that will take much longer to have an effect, such as teaching financial literacy in schools.

It is fantastic to see so many companies, community organisations and government agencies get involved in MoneySmart Week. Hundreds of organisations are using their various communication channels to encourage people to do the Money Health Check.

All the partners and supporters of MoneySmart Week see it as a fantastic way to help people be more confident and make smarter decisions about their money – to get people motivated to improve their finances. It's good for the financial services sector and good for the community.

Thank you.