



**ASIC**

Australian Securities & Investments Commission

# The 2014–17 National Financial Literacy Strategy

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*Australian Bankers' Association (ABA) Broadening Financial  
Understanding Conference*

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## **CHECK AGAINST DELIEVERY**

### **Introduction**

- 1 Good morning, everyone. It is my pleasure to be here at the Australian Bankers' Association (ABA) Broadening Financial Understanding Conference.
- 2 Let me start by acknowledging the great work of the banking industry in financial literacy. Your industry is arguably the most engaged of those we regulate in this area.
- 3 You look for opportunities to collaborate with ASIC and recognise the importance of investors and consumers having access to reliable and independent sources of financial literacy information.
- 4 Thank you for your involvement. We look forward to continuing to work with you on improving the financial literacy of all Australians.
- 5 Today, I want to talk about:
  - the importance of financial literacy
  - the *National Financial Literacy Strategy 2014–17* (2014–17 Strategy), and
  - ASIC's work under the 2014–17 Strategy.

### **The importance of financial literacy**

- 6 Now, on to my first topic – the importance of financial literacy. Financial literacy is an essential life skill. We live in an shaped by:
  - fast-paced innovation
  - digitisation
  - globalisation, and
  - compulsory superannuation.
- 7 In addition, Australians:
  - are living longer
  - have easy access to credit, and
  - have access to increasingly complex financial products.
- 8 We have to make a greater number of financial decisions than ever before and these have a greater impact on our lives.

- 9 Ensuring investors and consumers have the right knowledge, skills and behaviours to make informed financial decisions has never been more important. It will give them the trust and confidence they need to participate in our markets.
- 10 This is a key ingredient of ensuring that our markets can perform their fundamental role in funding the real economy and in turn economic growth – and this contributes to improved standards of living for all Australians.

## The 2014–17 National Financial Literacy Strategy

- 11 It is in this context that the 2014–17 Strategy has been developed. This is my second topic for today.
- 12 The 2014–17 Strategy is a national framework for action – led and coordinated by ASIC – to guide the efforts of all organisations that are working on financial literacy.
- 13 The current iteration of the 2014–17 Strategy, which was launched last month by the Parliamentary Secretary to the Treasurer, the Honourable Steven Ciobo, marks the culmination of over 12 months’ research and consultation by ASIC with government, industry, education and community sectors.
- 14 More than 200 stakeholders – including many of you in the room today – contributed their views on the 2014–17 Strategy. I am also pleased to say that there was strong support for ASIC’s leadership of the 2014–17 Strategy.
- 15 Internationally, the Organisation for Economic Co-operation and Development (OECD) has stressed the importance of having an independent leading agency – like ASIC – coordinating national financial literacy work.
- 16 Going forward, ASIC will continue to work with the Australian Government Financial Literacy Board and relevant stakeholders, such as the ABA, and will track progress against the implementation of the 2014–17 Strategy.

### The five priorities

- 17 The 2014–17 Strategy has five priorities for action, which are informed by:
- ASIC’s experience in leading and coordinating the first *National Financial Literacy Strategy*, published in 2011
  - the views of more than 200 stakeholders
  - relevant research findings, including those from behavioural economics, which help us understand how consumers really behave, and
  - international guidelines and good practice.

**Priority one: Educate the next generation, particularly through the formal education system**

18 To have the best chance of success in improving people’s financial wellbeing, we must start early.

19 Internationally, building the financial literacy of young people from an early age is now widely recognised as a fundamental part of education in the 21st century. Essentially, an aspect of good policing is education. An ounce of prevention is better than a pound of cure.

**Priority two: Increase the use of free, impartial information, tools and resources**

20 Financial literacy is a process of life-long learning. Ensuring people have access to appropriate guidance and tools at key stages of their life is a core part of building financial literacy.

21 Impartiality has also been widely recognised as an important feature of financial literacy information. Consumers prefer an impartial source to a partial one.

**Priority three: Provide quality, targeted guidance and support**

22 This is important so we can meet the often complex needs of specific groups in the community, especially disadvantaged and/or vulnerable consumers.

23 This is an area where partnerships between community, business and government sectors have proved effective. There are a number of examples of successful partnerships in the 2014–17 Strategy, involving a number of the organisations in the room today.

**Priority four: Strengthen co-ordination and effective partnerships**

24 Cross-sectoral partnerships can significantly expand the reach and impact of programs and resources. Our collective experience shows this.

25 Collaborative action also brings together a valuable mix of expertise, experience and insight. This can lead to more effective program delivery, and provides fertile ground for innovation.

**Priority five: Improve research, measurement and evaluation of outcomes**

26 This is important because research and evaluation, especially from behavioural economics, helps us to better understand why people make the financial decisions they do.

27 It also informs communication strategies and how we design tools, to make financial decision-making less stressful and help people avoid common pitfalls.

## Getting results

- 28 The five priorities of the 2014–17 Strategy I have outlined are meaningless if they are not supported by action. Having an action plan is important for financial literacy initiatives which are about creating long-term behavioural change and require a multi-faceted, cross-sectoral approach.
- 29 This is why the 2014–17 Strategy is accompanied by an action plan setting out outcomes to be achieved by each stakeholder, including ASIC and financial services firms. Like ASIC, industry have an integral role to play. All of you here today recognise this, which is why you are here.

## ASIC's financial literacy work

- 30 My final topic for today is ASIC's financial literacy work, which forms part of the 2014–17 Strategy.
- 31 At ASIC, our fundamental objective is to allow markets to allocate capital efficiently to fund the real economy and, in turn, economic growth. This contributes to improved standards of living for all Australians.
- 32 We do this through our regulatory strategic priorities of:
- promoting investor and consumer trust and confidence, and
  - ensuring fair, orderly and transparent markets.
- 33 ASIC is primarily a law enforcement agency. We police our financial services and markets – 70% of our resources are spent on surveillance and enforcement. An essential part of modern policing is education. For example, think about the advertisements warning the public about the dangers of drink driving and speeding.
- 34 At ASIC, we educate investors and financial consumers through our financial literacy work. Education is important because it:
- informs investors and consumers about their rights, and
  - empowers them when making financial decisions to take responsibility for themselves.
- 35 For this reason, we do not see education as an add-on initiative to a broader promotional strategy. We see it as going to the core of how financial services are provided – an ounce of prevention is better than a pound of cure.
- 36 We all benefit from having engaged consumers that have trust and confidence in our markets, including in the firms they transact with.
- 37 ASIC's financial literacy work is largely conducted under our MoneySmart brand. It includes ASIC's:

- award-winning MoneySmart website, and
- MoneySmart Teaching Program, which was recently recognised by the OECD for best practice in financial literacy education.

### **ASIC's MoneySmart website**

38 ASIC's MoneySmart website was launched in 2011, as a dedicated website for investors and consumers containing impartial and trusted information and tools about all aspects of personal finances.

39 Since it was launched there have been:

- more than 11 million unique visitors to the site, and over 5 million last year
- over 190,000 views of YouTube videos (of which there are around 265)
- over 500,000 downloads of our three apps:
  - TrackMySpend – a budgeting app
  - money health check – a personal financial evaluation app, and
  - mobile calculator – which contains simple financial calculators,
- over 28,000 Facebook likes, and
- around 100,000 people viewing a Tweet per month.

40 These figures will only increase with time as more and more people access ASIC's MoneySmart website and social media sites – and the tools available on them.

41 We also know that organisations from business, community and government sectors value MoneySmart. There are around 18,000 links on the internet to ASIC's MoneySmart resources.

### **ASIC's MoneySmart Teaching program**

42 Moving on to ASIC's MoneySmart Teaching program –which aims to promote and support financial literacy in schools through:

- teacher professional development, and
- quality teaching resources aligned to the Australian curriculum.

43 One such MoneySmart Teaching resource is MoneySmart Town – an online money management, role-playing game for primary school students.

44 So, what will ASIC's MoneySmart Teaching program achieve? More than 10,000 teachers have already received face-to-face professional development and over 40,000 copies of teaching resources have been distributed to schools nationally.

45 Under the action plan in the 2014–17 Strategy, the performance indicator for ASIC is to train a minimum of 20,000 additional teachers and pre-service teachers through face-to-face and online modules.

46 Ultimately, the objective is to have financial literacy taught in our nation's 10,000 schools, from kindergarten to Year 12.

## Conclusion

47 To conclude, I would like to once again commend the efforts of everyone who is active in the field of financial literacy. Our partnerships have been strong and we look forward to your continued support and collaboration as we work together to achieve the 2014–17 Strategy.

48 For all of you that have contributed to the development of the 2014–17 Strategy and supported ASIC's MoneySmart brand, your contributions are – and will be – critical as we continue our journey towards improving the financial literacy of all Australians.

49 I would like to finish by repeating a quote I used during the launch of the 2014–17 Strategy last month. As Henry Ford once said, 'Coming together is a beginning; keeping together is progress; working together is success'.