



National Financial Literacy Strategy



Shaping a National Financial Literacy Strategy for 2014–17

Consultation feedback report



ASIC

Australian Securities & Investments Commission

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Note: For ASIC purposes, this is ASIC Report 374. It is available on the ASIC website at www.asic.gov.au/rep

A Overview/Consultation process

Review of the National Financial Literacy Strategy

- 1 Since mid-2008, the Australian Securities and Investments Commission (ASIC) has been the lead Australian Government agency with responsibility for coordinating financial literacy.
- 2 In 2013, ASIC commenced a review of Australia's National Financial Literacy Strategy, published in 2011, to take stock of progress and develop a refreshed framework for action that addresses the key priorities for the next three years.
- 3 We consulted with relevant stakeholders to explore the major issues and priorities to be considered in shaping a National Financial Literacy Strategy for 2014–17 (2014–17 Strategy).
- 4 We also conducted a National Financial Literacy Stocktake Survey (2013 Stocktake Survey) to gather a snapshot of current financial literacy initiatives being conducted across Australia. The results of the 2013 Stocktake Survey are published in Report 375 *National Financial Literacy Stocktake Survey 2013* (REP 375) available at www.financialliteracy.gov.au.
- 5 This report summarises the main findings of the consultation process.
- 6 We will draw on the feedback received from the consultation process, together with the results of the 2013 Stocktake Survey and our own research to develop the 2014–17 Strategy, due to be released in early 2014.

Scope of the consultation

- 7 ASIC launched the consultation process by hosting a one-day National Financial Literacy Forum (Forum) in Sydney on 30 April 2013, bringing together 140 stakeholders from the business, community, education and government sectors.
- 8 The Forum enabled members of the financial literacy community to reflect on progress and share their views: see Appendix 1 for a list of participating organisations. Outcomes of the Forum are available at www.financialliteracy.gov.au.
- 9 We circulated a consultation paper and companion background report to support the consultation process. Both papers are available at www.financialliteracy.gov.au.¹
- 10 After the Forum we received 58 written submissions from interested stakeholders and gathered additional feedback through face-to-face and phone consultations: see Appendix 2 for a list of organisations and individuals who contributed views and ideas to the consultation process. Most contributions came from the community sector, followed by the business, government and education sectors.

¹ These documents are also available on ASIC website at www.asic.gov.au: see Consultation Paper 206 *Shaping a National Financial Literacy Strategy for 2014–16* (CP 206) and Report 339 *Review of the National Financial Literacy Strategy* (REP 339).

Summary of responses

- 11 The consultation process revealed a rich and diverse range of views and issues.
- 12 Respondents expressed strong support for building on the key elements of the 2011 Strategy:
- using formal education pathways;
 - providing trusted and independent information;
 - recognising the limits of education and information and developing innovative solutions to change behaviour; and
 - working in partnership and promoting best practice.
- 13 Many stakeholders commended ASIC for its leadership in financial literacy, particularly for its flagship initiatives under the 2011 Strategy, the MoneySmart website (www.moneysmart.gov.au) and MoneySmart Teaching programs.
- 14 There was strong agreement from all sectors that the goal of improving the financial literacy of Australians is a multi-generational and long-term commitment.

Defining financial literacy

- 15 Many respondents agreed in principle with the Organisation for Economic Co-operation and Development (OECD) definition of financial literacy proposed in the consultation paper.² A number of respondents suggested refinements to the wording of the proposed definition to more clearly reflect the importance of personal circumstances in shaping attitudes and behaviours and the fact that improving financial literacy and capability is an ongoing and dynamic process.
- 16 Some respondents disagreed with using the term ‘financial literacy’ and strongly preferred the term ‘financial capability’, which they saw as more adequately acknowledging the cultural and environmental as well as structural factors (including income adequacy and access to well-designed and affordable financial products) that can affect the financial decision-making process.

Related policies and issues

- 17 A large number of respondents highlighted the links between financial literacy and broader policy frameworks for consumer protection, regulation of financial markets and social and financial inclusion.
- 18 Many respondents emphasised the role that opportunity and personal circumstances play in developing and exercising financial literacy and suggested that the relationship between financial literacy and social and financial inclusion be clarified and articulated in the 2014–17 Strategy.

² The definition proposed in CP 206 was ‘Financial literacy is a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing’.

- 19 Other issues and associated policy areas raised in consultations included:
- helping Australians prepare for retirement, particularly engagement with superannuation, and assisting people to make sound decisions in retirement;
 - the financial literacy implications of two new policy developments—positive credit reporting and changes to the *Privacy Act 1988* (Privacy Act), and the introduction of the National Disability Insurance Scheme; and
 - the interaction between financial literacy initiatives and a wide range of existing federal and state policies, particularly in the areas of education, consumer affairs, financial services and social welfare.
- 20 Respondents saw such policies and initiatives offering opportunities for strategic alliances, especially in multiplying referrals to trustworthy sources of information and resources and targeted guidance and support.

Strategic priorities³

- 21 Respondents identified five strategic priorities, which are summarised in the table below. The first three priorities were identified as fundamental to building the financial capabilities of individuals, families and communities. The last two priorities were identified for ASIC and other organisations involved in financial literacy research, policy and program development.
- 22 A number of respondents acknowledged the challenges associated with the long-term nature and goals of the 2014–17 Strategy and stressed that a multi-pronged approach was essential to achieve positive behaviour change over time.
- 23 The principle of ‘shared responsibility’ resonated with respondents from all sectors. They agreed that achieving real progress under the 2014–17 Strategy will require concerted and cooperative efforts among all stakeholders, including all levels of government, financial institutions and other businesses, community organisations and the education sector.

Strategic priorities identified by respondents

- 1 Educate the next generation through the formal education system.** There was overwhelming agreement that consolidation of financial literacy in the school curriculum, training more teachers and extending financial literacy education into the vocational education and university sectors was central to the 2014–17 Strategy.
- 2 Increase the use of trustworthy sources of information, tools and resources.** Respondents stressed the importance of connecting with consumers at ‘teachable’ moments throughout their lives, especially before they reach crisis. Engaging families was regarded as essential to breaking down the taboos of talking about money in the community at large and raising awareness about trustworthy sources of information, tools and resources. Workplace programs were seen as offering huge potential to reach greater numbers of Australians from all walks of life.

³ This section incorporates the feedback on ‘Strategic goals and areas of focus’ and ‘Key actions’ in the consultation paper.

Strategic priorities identified by respondents

- 3 Deliver quality targeted guidance and support.** There was strong support for continuing to deliver national targeted guidance and support to known disadvantaged and vulnerable groups. Respondents suggested extending current provision to better meet the specific needs of Indigenous people and women.
- 4 Strengthen coordination and partnerships.** Partnerships were widely seen as an effective way to extend the reach of education programs, information, resources and targeted guidance and support. Many advocated that ASIC's leadership is crucial to strengthening government-to-government coordination and fostering cross-sectoral partnerships.
- 5 Improve research, measurement and evaluation.** Increasing opportunities to share what works and learn from others were identified as ways of improving research and measurement and fostering good practice evaluation.

Gaps and opportunities

- 24 In addition to recommendations about strategic priorities, respondents identified some perceived gaps and potential opportunities:
- access to free or low-cost financial advice services for those not in crisis;
 - a series of public communication campaigns to influence general community attitudes and behaviours about money;
 - broadening information, resources and targeted support for Indigenous people, with a greater focus on capacity building;
 - encouraging financial literacy programs in workplaces and integration into job placement programs and services;
 - responding to the needs of people with disability and their families, given the upcoming roll-out of the National Disability Insurance Scheme; and
 - using targeting and measurement models to better identify specific audiences, resources and measurement.

Measures of progress

- 25 A number of respondents highlighted the importance of both national and program-specific approaches to track the progress of key actions under the 2014–17 Strategy, while acknowledging the challenges involved in measuring the impact of the Strategy.
- 26 Suggested ways of measuring progress included:
- national longitudinal studies to track changes in Australian's financial literacy and behaviour across life stages, to expand the national dataset from surveys such as the ANZ Survey of Adult Financial Literacy in Australia;⁴

⁴ ANZ Banking Group, 2011, 2008, 2005, 2003.

- participation in complementary international studies such as the financial literacy assessment of 15 year olds being conducted as part of the OECD's Programme for International Student Assessment (PISA) in 2012 and 2015;
- building evaluation into the design of financial literacy programs, supported by sharing of tools and examples of good practice evaluation and capacity building of program delivery organisations; and
- conducting further research to identify relevant behavioural and attitudinal indicators to adequately track the effectiveness of initiatives.

Next steps

27

The breadth and depth of feedback received during the consultation process demonstrates the high level of commitment and strength of engagement that stakeholders in the business, community, education and government sectors have to building the financial literacy of Australians.

The diversity of views expressed will be a valuable resource to inform the development of a framework for action that encourages active participation from all those with a role to play. We expect the 2014–17 Strategy to be released in early 2014.

B Your views on a 2014–17 Strategy

Key points

This section summarises respondents' views on the following key areas identified in the consultation paper:

- defining financial literacy;
- related issues or policies;
- strategic priorities;
- gaps and opportunities; and
- measures of progress.

Defining financial literacy

- 28 In the consultation paper, we proposed departing from the definition used in the 2011 Strategy to better acknowledge the impact of personal attitudes and behaviour on financial literacy.⁵ As an alternative, we suggested adopting the definition used by the International Network on Financial Education (INFE) of the OECD in its guiding principles for national strategies:
- Financial literacy is a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.*⁶
- 29 Many respondents agreed in principle with the proposed definition. In particular, stakeholders saw the inclusion of attitudes and behaviours and links to financial outcomes as a positive change from the definition used in the 2011 Strategy. However, a number of respondents expressed a view that the definition needs further refinement.
- 30 They suggested a range of specific changes to the wording in the OECD definition. By and large, these changes reflected a desire to more clearly reflect the role personal circumstances and cultural context play in shaping attitudes and behaviours and the fact that building an individual's financial literacy and capability is an ongoing and dynamic process.
- 31 A number of respondents strongly preferred the term 'financial capability' to 'financial literacy'. Some argued that 'capability' is a more suitable term to use as it is more respectful, empowering and strengths-based, whereas 'literacy' is perceived as having a narrower education-focused connotation suggesting potential deficits. Capability was also seen as encompassing other factors that affect financial decision-making such as adequate income and access to well-designed and affordable financial products.
- 32 Other respondents favoured retaining the term 'financial literacy' for national and international consistency, but suggested that the 2014–17 Strategy clearly articulate the important role financial literacy plays in building financial capability.

⁵ The definition used in the 2011 Strategy was 'Financial literacy is the ability to make informed judgements and to take effective decisions regarding the use and management of money'.

⁶ OECD/INFE, *OECD/INFE high-level principles on national strategies for financial education*, 2012, www.oecd.org.

Related issues or policies

- 33 Respondents highlighted a variety of issues and policies relevant to shaping the 2014–17 Strategy, including:
- social and financial inclusion;
 - superannuation and retirement planning;
 - financial literacy implications of new government policies; and
 - other federal and state policies

Social and financial inclusion

- 34 A large number of respondents emphasised that financial literacy initiatives must go hand-in-hand with measures to assist financial and social inclusion and this should be reflected in the 2014–17 Strategy. It was a widely held view that financial literacy interventions cannot be effective when delivered in isolation from the range of social and cultural issues that affect individuals and communities. Recent financial capability research conducted by the Australian Social Inclusion Board was identified as a valuable evidence base.⁷
- 35 Other respondents maintained that access to appropriate and affordable financial products, including insurance products, is critical in building financial capability and achieving financial and social inclusion. They explained that while there are some products available to help individuals on low incomes obtain small amounts of credit for specific purposes, such as the No-Interest Loans Scheme (NILS®), StepUp, AddsUp and SaverPlus, these are not universally accessible. A small number of respondents would like to see financial institutions extend their support for disadvantaged and vulnerable Australians by expanding their low-cost product offerings as part of their commitment to corporate responsibility.

Superannuation and retirement planning

- 36 Consumer engagement with superannuation, investing and planning for retirement were identified as important issues to address in the 2014–17 Strategy.
- 37 The ageing population, the typical Australian's lack of preparedness for retirement, reforms to the aged care system, increased life expectancy, poor understanding of superannuation and managing risk, the growing number of Australians with self-managed super funds (SMSFs) and pervasive gender inequities were among the issues raised to illustrate the urgency of engaging Australians in planning for their future retirement.
- 38 Many respondents identified the dual imperatives of helping Australian seniors maximise their retirement income while at the same time engaging younger people in planning earlier for future retirement. Respondents also highlighted that recent legislative changes to superannuation are likely to generate

⁷ Australian Government, Australian Social Inclusion Board, *Financial capability*, report, 2013, available at www.socialinclusion.gov.au.

increased competition between funds for membership and heighten the need for additional support to enable consumers to ‘shop around’ effectively.

Financial literacy implications of new government policies

- 39 A new policy consistently attracting comment from community sector organisations was the introduction of positive credit reporting and associated changes to the Privacy Act. These changes mean new kinds of credit-related personal information will be collected, including whether individuals have made or missed a consumer credit payment.⁸
- 40 Respondents who mentioned this policy felt these changes could greatly affect people’s financial outcomes so consumer education is needed. For example, if consumers don’t understand the consequences of missed or late payments and as a result develop a poor credit history, access to future credit may be compromised or become more costly.
- 41 These respondents noted that the financial services industry is planning some education initiatives so this could yield opportunities for cross-sectoral action to help prepare consumers.
- 42 Another new policy highlighted by a number of respondents was the National Disability Insurance Scheme (DisabilityCare). The introduction of DisabilityCare in July 2013 and its progressive roll-out until full implementation in 2019 will enable people with disability and their families to exercise increased choice and control over when and how they receive financial support, including the option to self-manage funding and employ staff.
- 43 These respondents stressed the need for greater access to information and tools to help people with disability and their families make the most of DisabilityCare.

Other federal and state policies

- 44 A diverse range of other policies and related initiatives were identified as relevant to the 2014–17 Strategy. They were seen as offering opportunities for strategic alliances, particularly in multiplying referrals to trustworthy sources of information and resources and targeted guidance and support. They included:
- ‘Closing the Gap’ initiatives;
 - Consumer Affairs policies, especially at state level;
 - financial services reforms including regulation of disclosure in the provision of financial services, Future of Financial Advice (FOFA) and MySuper;
 - gambling reforms and associated initiatives;
 - school education policy initiatives such as literacy and numeracy programs and initiatives targeting low socio-economic status (SES) school communities;

⁸ <http://www.oaic.gov.au/privacy/privacy-resources/privacy-fact-sheets/credit-and-finance/privacy-fact-sheet-16-credit-reporting-repayment-history-information>.

- vocational education and training programs, particularly those targeting apprentices; and
- welfare reforms and associated support services such as Income Management and changes to Parenting Payment Single.

45 Respondents also raised a range of other social issues that negatively affect the financial outcomes of some Australians such as economic abuse, mental health issues, adequacy of income and increased utility costs, the level of household debt (especially on entering retirement) and poor investment decisions. The growing digital divide was also identified as a significant barrier to engaging those on lower incomes and in older age groups.

Strategic priorities⁹

46 Three strategic priorities emerged clearly from the consultation process, with significant potential to empower individuals, families and communities. Two additional priorities were identified for ASIC and other organisations involved in financial literacy research, policy and program development. Together, the five identified priorities were:

- educate the next generation through the formal education system;
- increase the use of trustworthy sources of information, tools and resources;
- provide quality targeted guidance and support;
- strengthen coordination and effective partnerships; and
- improve research, measurement and evaluation.

Educate the next generation through the formal education system

47 Many respondents emphasised the importance of expanding financial literacy in the formal education sector. This was widely viewed as an essential early intervention initiative that crossed socio-cultural barriers to build important foundational knowledge, skills, attitudes and behaviours.

48 There was strong support for strengthening the integration of financial literacy within the Australian Curriculum F–10, as well as extending into Years 11 and 12. Training and motivating more school teachers to confidently and competently teach financial literacy was seen as essential to maximising the opportunity provided through the curriculum links.

49 Other respondents saw the engagement of young people aged 17–25 who are transitioning to the workforce or undertaking VET or university qualifications as equally important. A number of respondents observed that positive messages need to be used when educating young people.

50 Many respondents emphasised that teaching financial literacy to young people must be fun and linked to financial decision points relevant at various

⁹ This section combines feedback on two sections of the consultation paper—‘Strategic goals and areas of focus’ and ‘Key actions’—as comments in these areas tended to merge in the responses.

life stages.¹⁰ Some highlighted the potential of new generation technologies for engaging young people, given the prevalence of smart phones and portable devices in the daily lives of young people and an increasing participation in online shopping.

- 51 A number of respondents also noted the key role played by parents, families and peers in shaping young peoples' knowledge, behaviours and attitudes towards money. They saw value in a large scale campaign aimed at these groups to complement and amplify the core messages students and young people learn through formal education.

Increase the use of trustworthy sources of information, tools and resources

- 52 Feedback from many respondents pointed to the need for a central source of good quality, trustworthy information, tools and guidance for Australian financial consumers and investors. A large number identified ASIC's MoneySmart website (www.moneySMART.gov.au) as one such central resource and suggested a partnership approach could drive greater awareness and usage. Others expressed the view that a range of sources of trustworthy information should be promoted to recognise that different sectors offer a variety of access points to connect with people.
- 53 Engaging families was regarded as essential to breaking down the taboos of talking about money within the community at large and raising awareness about trustworthy sources of information, guidance and support.
- 54 Many respondents identified contact points, especially at the time of accessing a relevant service, as crucial to maximising the likelihood of engaging people. Useful contact points identified included:
- community programs and services such as Centrelink, job placement services, financial counselling services, women's refuges and support groups, migrant education and resource centres;
 - financial service contact points and networks such as banks, credit unions, accountants, financial advisers, superannuation funds, and microfinance programs;
 - retail businesses;
 - points of purchase, through apps and tools for use on smart phones and portable devices; and
 - workplaces (see also paragraphs 76–91 on 'Gaps and opportunities').
- 55 A small number of respondents suggested a suite of large scale public awareness campaigns, complemented by innovative communication strategies such as a reality TV show and regional radio campaigns, to reinforce broad messages such as promoting the benefits of saving. Others suggested campaign-style approaches tailored to particular groups and issues to capitalise on large scale 'teachable moments'—for example, following natural disasters or high profile corporate collapses.

¹⁰ Examples included setting up first bank accounts, saving for specific purchases, shopping online, managing financial commitments such as mobile phones, entering the workforce, gaining access to Centrelink benefits, buying a car, leaving home, funding lifestyle activities, further study post school, and setting up home with friends or a partner.

- 56 Other suggestions to extend the use of trustworthy information sources included:
- improve the accessibility of the language used in resources, tools and information, including in Product Disclosure Statements;
 - include information about consumer rights and responsibilities with financial literacy information;
 - make content available in a variety of ways, using fewer words and more pictures through a wide variety of channels—this was considered particularly important for Indigenous people, those from culturally and linguistically diverse groups and seniors;¹¹
 - ensure state and territory consumer affairs agency websites consistently direct consumers with financial queries to the MoneySmart website; and
 - improve and promote awareness of consumer and financial literacy information through a public campaign similar to the New Zealand campaign promoting the ‘Sorted’ website.

Deliver targeted guidance and support

- 57 It was widely acknowledged that financial information and education on its own is not enough to bring about positive behavioural change and improve the effectiveness of financial decision-making. Equally, many respondents recognised the challenges (and costs) of providing tailored support to diverse demographic groups.
- 58 Some respondents suggested that improving referrals between existing community services and support programs was a way to maximise available resources. They suggested building strategic alliances between relevant organisations and networks as a matter of priority. A small number saw benefit in designing a ‘continuum of care’ for targeted guidance and support, similar to the ‘prevention, early intervention, crisis management and maintenance’ model used by health services.
- 59 A few respondents pointed to incentive-based programs as delivering proven outcomes that help people on low incomes move between different stages of change to achieve desired behaviours such as building savings. Others mentioned microfinance interactions as an opportune time to provide people with financial information and guidance (whether or not they are approved for a loan).
- 60 In our consultation paper, we asked if particular groups should be given greater priority under the 2014–17 Strategy. Some respondents identified those with lower financial literacy levels, as reported in the 2011 Survey of Adult Financial Literacy in Australia.¹² Others named particular groups to be given priority due to the specific circumstances and challenges they face.
- Overall, the groups identified included:
- Aboriginal and Torres Strait Islander individuals and families;

¹¹ Suggestions included offering face-to-face communication and fixed line services, printed pamphlets with simple messages for those without Internet access, and radio campaigns that feature personal stories.

¹² 18–24 year olds; people in blue-collar occupations; people with government benefits as their main source of income; people with less than \$2,000 in savings; and Aboriginal and Torres Strait Islanders. ANZ Banking Group (2011).

- lower and middle income individuals and families;
 - marginalised individuals and communities—for example, those who are financially excluded, unemployed, or refugees;
 - people from culturally and linguistically diverse backgrounds;
 - people with disability;
 - seniors and pre-retirees;
 - women (of all ages); and
 - young people aged 17–25.
- 61 Some respondents stressed that women of all ages, and young women in particular, merit the highest priority for the 2014–17 Strategy. This is not only because women as a population group record lower levels of financial literacy than men and are more vulnerable to financial instability and poverty in retirement, but also because of their ability to influence the behaviours and attitudes of their children and other family members.
- 62 A number of respondents emphasised the importance of trying to reach people earlier than at crisis point, before a situation escalates to financial hardship, and increasing the focus on capacity building. There was a perception that many financial literacy programs, particularly those targeting Indigenous people, are aimed mainly at those suffering financial hardship, low income earners or those on Centrelink benefits.
- 63 Some suggested that improved integration of financial literacy with relevant state and federal services for low income earners and other vulnerable segments of society could help extend the reach of targeted guidance and support beyond crisis—for example, by integrating financial literacy into workplace training programs.
- 64 Respondents working directly with disadvantaged and vulnerable groups highlighted the value of identifying and training local people who know the local context well and involving them in designing and evaluating the program. For Aboriginal people, engaging culturally significant community leaders as well as financially literate individuals in the delivery of financial literacy programs was seen as essential.
- 65 Other suggestions for better meeting the needs of people from Aboriginal and Torres Strait Islander communities were:
- use traditional stories that link cultures—for example, tell a ‘money story’ to members of the community in a way that borrows from culturally significant symbols and language as well as history;
 - negotiate about the importance of community members being able to access secure and confidential storage space for personal information such as superannuation details, wills, tax file numbers and separation certificates;
 - encourage two-way partnerships between Indigenous and non-Indigenous businesses to build commercial and financial understanding;
 - adopt a multi-disciplinary approach to financial literacy programs and services, such as working in tandem with primary health care programs delivered in communities; and

- create a greater range of information and resources in community languages, in audio format and for interpreters.

66 A related issue raised by a small number of respondents was the quality and consistency of targeted guidance and support across Australia. They suggested ongoing education and training of intermediaries—for example, elders in Indigenous communities, community organisations and their workers—in the area of financial management to ensure they modelled sound financial literacy knowledge and skills. One suggestion was to create a central bank of resources for program providers to draw on to train and professionally develop these intermediaries.

Strengthen coordination and effective partnerships

67 Respondents from all sectors emphasised the importance of promoting and fostering cross-sectoral partnerships and strengthening cross-sectoral coordination in the 2014–17 Strategy. Partnerships were widely viewed as an effective way to extend the reach of education programs, information, resources and targeted guidance and support.

68 Many saw ASIC's leadership as crucial to strengthening government-to-government coordination and fostering cross-sectoral partnerships.

69 A number of respondents suggested practical strategies to increase coordination between key stakeholders as well as with other national and state policies, programs and services, including:

- creating a national cross-sectoral steering group to oversee implementation of the priorities under the 2014–17 Strategy;
- improving cross-government coordination at state and federal level, in particular leveraging existing programs and services to reach people at 'teachable moments'.¹³ A small number suggested creating a central repository of financial literacy services to facilitate referrals;
- harmonising resources and information provided by public sector agencies at state and federal levels;
- building alliances between established strategic networks to maximise relevant contact and referral points;¹⁴
- establishing a central mechanism to connect program providers in the community sector to those with available funds or the capacity to offer pro bono advice or expertise—for example, through a central online financial literacy hub or clearinghouse or an annual National Financial Literacy Forum; and

¹³ Agencies identified included state and territory offices of consumer affairs, Australian Competition and Consumer Commission, Department of Prime Minister and Cabinet, Australian Energy Regulator, Australian Government Department of Families, Housing, Communities and Indigenous Affairs, Australian Government Department of Human Services, Australian Taxation Office, Australian Government Department of Education, Employment and Workplace Relations, and state and territory education departments.

¹⁴ The most commonly suggested networks were ASIC's Financial Literacy Community of Practice, the Australian Indigenous Financial Services Network, the Australian Financial Inclusion Network and Financial Counselling Australia. Other national networks and peak bodies identified by a small number of respondents included national women's alliances, the National Council for Single Mothers and their Children, Australian Council of Social Service, Association of Superannuation Funds in Australia, Australian Retail Credit Association, Australian Bankers Association, Energy Retailers Association of Australia, Federation of Community Legal Centres, Federation of Ethnic Communities' Councils of Australia and the NT Indigenous Financial and Commercial Working Group.

- increasing opportunities for interested stakeholders to share information and resources—for example, through an online hub or by allocating time at ASIC’s regular Financial Literacy Community of Practice meetings to networking or discussing specific topics.

Improve research, measurement and evaluation

- 70 A large number of respondents identified the need to improve research, measurement and evaluation of financial literacy initiatives under the 2014–17 Strategy.
- 71 Representatives of the community sector noted that rigorous research and evaluation of financial literacy programs is most often limited by available resources and called on funding to be made available to support independent evaluations, especially for programs targeting vulnerable groups.
- 72 Many respondents suggested that improving research, measurement and evaluation could be advanced by a partnership approach—for example, a partner in the government or business sector assisting a community sector organisation with funds, infrastructure support and/or pro bono expertise.
- 73 Some suggested that an online financial literacy hub could act as a central repository for relevant research and serve as a useful vehicle for sharing program evaluation tools and outcomes and promoting good practice. Some also recommended training for community organisations working directly with vulnerable groups to help them effectively evaluate their programs.
- 74 One respondent expressed the view that the research field in Australia is now mature enough to support the establishment of a Cooperative Research Centre (CRC) for financial inclusion.¹⁵ All sectors would benefit from such a centre as it would help foster a collaborative approach among the research community and strengthen the connection between academic financial capability and inclusion research and policy and program development.
- 75 See also paragraphs 92–105 for suggestions from respondents about measuring progress under the 2014–17 Strategy.

Gaps and opportunities

- 76 In addition to recommendations about strategic priorities for action and ways to achieve them, respondents identified a number of gaps and opportunities to consider in formulating the 2014–17 Strategy.

Access to free or low-cost advice services for those not in crisis

- 77 A number of respondents highlighted the limits of financial education in bringing about effective financial decision-making to suit an individual’s personal circumstances. Some identified a gap in the provision of free or low-cost financial advice for Australians who were not in crisis and had no

¹⁵ See <https://www.crc.gov.au> for information about CRCs.

significant financial resources and so would not usually seek the services of a professional financial adviser.¹⁶

- 78 These respondents identified the potential for the financial services sector to address this gap through providing pro bono expertise, especially to help consumers identify risk associated with some financial products and services.
- 79 One respondent also saw a gap in advice specifically about risk and insurance matters and strongly suggested that this is an area where education and information alone is not enough. They maintained that independent professional advice is needed in this area to ensure people buy appropriate financial products that meet their needs.

A broader range of information, resources and targeted support for Indigenous people

- 80 Respondents who worked directly with Indigenous people identified a number of opportunities to improve the range and type of information, resources and targeted support to suit this audience, including a need for more audio and visual resources in Indigenous languages.
- 81 Programs that acknowledged and maintained the cultural identity of Indigenous people and built on their traditional knowledge were regarded as essential. Respondents emphasised that Indigenous people always look after their families where money is concerned and this should be factored in to the content of education initiatives. They identified the need to engage elders and local government councils to help build community commitment.
- 82 Some respondents commented that targeted programs for Indigenous people focused predominantly on the crisis end of the spectrum and should be broadened. They saw a gap in targeted programs to support Indigenous people to become equal players in the mainstream economy—for example, by building business skills and commercial capabilities alongside financial literacy, knowledge and behaviour, observing that commonly used commercial and financial terms may be understood very differently by Indigenous and non-Indigenous people.

A series of public communication campaigns

- 83 Some respondents identified the need for a series of public communication campaigns to influence community attitudes about money and drive awareness and engagement on specific topics such as saving, managing debt, superannuation and investing, and where to go for trustworthy information.
- 84 A small number of respondents suggested that partnerships with mainstream media or media ambassadors could offer opportunities to promote key messages. They viewed the development of a communication plan encompassing both online and print media as an essential component of implementing the 2014–17 Strategy.

¹⁶ While the support and services provided by financial counsellors are not strictly limited to those in financial crisis, feedback from the consultation confirmed that there appears to be a widespread perception that this is the case.

Financial literacy programs in workplaces

- 85 A large number of respondents viewed programs in the workplace as a significant opportunity to extend the reach of financial literacy initiatives. They saw this as a particularly relevant channel that crossed socio-economic boundaries and fitted well with a 'life-stage' approach to building financial literacy, particularly as a way to engage Australians in planning for retirement early in their working life.
- 86 Many respondents advocated a structured 'life-stage' approach to workplace financial education, similar to that offered to Australian Defence Force personnel.¹⁷ Ongoing structured mentoring was also suggested as necessary to ensure a program is meaningful and relevant to each employee.
- 87 Respondents working with Indigenous communities saw value in workplace financial literacy programs to extend guidance and support and build partnerships. For example, they suggested resourcing key local businesses such as the community store to provide financial capability training to staff, and developing strategic links with relevant service providers delivering employment-based training and support (such as Remote Jobs and Communities Program providers).
- 88 These respondents identified a number of benefits of such programs for employers, including a reduction of risk and cost by valuing and implementing initiatives that can result in better staff retention and productivity. However, engaging employers was recognised as a significant challenge. Some respondents suggested that materials be developed to emphasise the benefits and help employers think about their staff more holistically.

Responding to the needs of people with disability and their families

- 89 A number of respondents identified a gap in targeted guidance and support for people with disability and their families. They emphasised that these families face substantial financial pressures and challenges, including:
- meeting the extra costs often associated with disability;
 - saving for retirement on a low income (the employment participation rate of people with disability is low);
 - balancing caring and earning responsibilities; and
 - among ageing parents, making future financial provision for their dependents with disability.
- 90 Some respondents also highlighted that financial products such as banking services, credit products, tax advice, insurance, savings and superannuation support are generally not well-targeted for people with disability.

Targeting and measurement models

- 91 A small number of respondents highlighted the opportunity to develop a more coherent approach to program design and measurement by using an

¹⁷ <http://www.adfconsumer.gov.au/>.

overarching behaviour model of financial literacy. Two suggested models were the Theory of Planned Behaviour (TPB) and the Transtheoretical Change Model (TTCM).¹⁸

Measures of progress

- 92 Respondents acknowledged the considerable challenges in measuring the impact of the 2014–17 Strategy and actions under it, due to its long-term vision and the costs associated with evaluation.

Tracking progress of actions under the 2014–17 Strategy

- 93 A number of respondents highlighted the importance of both national and program-specific approaches to track the impact of key actions under the 2014–17 Strategy. They noted that this could offer opportunities to expand the national dataset, at the same time acknowledging that high cost is often a barrier to effective evaluation.
- 94 Others advocated the importance of national longitudinal surveys to track changes in Australians' financial literacy and behaviour across life stages. While many acknowledged that the ANZ Survey of Adult Financial Literacy in Australia is a useful benchmark of financial literacy every three years, they saw scope in expanding the national dataset by adding additional questions to existing national longitudinal studies—for example, the Household Income and Labour Dynamics in Australia (HILDA) survey, the Longitudinal Survey of Australian Children (LSAC), the Longitudinal Survey of Indigenous Children (LSIC) and the Longitudinal Survey of Australian Youth (LSAY).
- 95 Others saw a need for a new national longitudinal study, similar to the Financial Behaviour Index¹⁹ conducted every six months by the NZ Commission for Financial Literacy and Retirement Income.
- 96 Many commented on the importance of Australia's participation in complementary international studies such as the financial literacy assessment of 15 year olds being conducted as part of the OECD's PISA in 2012 and 2015. A small number suggested that PISA could be useful in tracking the impact of financial literacy initiatives in schools.
- 97 At the program level, a number of respondents saw a need for evaluation to be built into the overall design of financial literacy programs, but that this would require building the capacity of program providers to evaluate effectively. Many suggested that better use of established networks and forums to share information about evaluation techniques would help guide good practice, as would the provision of good practice evaluation guidelines and templates.

¹⁸ For more information about the Transtheoretical Change Model, see our Report 230 *Financial literacy and behavioural change* (REP 230), March 2011, p. 55, www.asic.gov.au/reports.

¹⁹ This survey provides a snapshot of New Zealanders' key financial behaviours such as goal setting, budgeting, saving and investing. See <http://www.cflri.org.nz/research-and-reports/financial-literacy> for more information.

- 98 A few respondents suggested additional mechanisms to help track progress of the 2014–17 Strategy at national level—for example, the creation of an overarching project plan or a series of separate strategies or action plans.

Useful indicators

- 99 A number of respondents observed that further research is needed to identify behavioural indicators to adequately track the effectiveness of programs. Cultural values and contexts were underscored as critical factors to take into account when developing measures of progress, especially behavioural indicators. A small number maintained that being able to track expenses and use a budget to save for future goals were the fundamental indicators of financial literacy.
- 100 Some respondents offered specific suggestions for indicators in the general adult population that could track improvements in Australians' financial literacy. These included:
- an increase in regular savings (noting the constraints of other factors such as income, economic environment);
 - a reduction in personal credit card debt;
 - an aggregate number of Australians accessing trustworthy sources of information;
 - an aggregate number of people participating in financial literacy programs; and
 - an increase in use of expense tracking and budgeting tools.
- 101 Other measures suggested included self-reported confidence in managing money, changes in self-perceptions about money management, and changes in self-reported attitudes towards money.
- 102 Some respondents highlighted the need to collect gender-specific data across financial literacy initiatives, including from trustworthy sources such as the MoneySmart website.
- 103 In addition to measuring the effectiveness of key actions targeting consumers, a small number of respondents believe it is also essential to measure the progress of the 2014–17 Strategy in building effective financial literacy partnerships as these are critical to sustained effort over time.

Critical areas for further research

- 104 Some respondents identified areas that would benefit from further research. Many of these suggestions focused on better understanding the key influences that affect peoples' financial behaviour such as gender, attitudes, cultural values and power (or lack of it) within a relationship, and how much family and the wider community affect what people spend their money on (the latter is especially important for Indigenous communities).
- 105 Other areas identified for further research related to specific issues. Examples included early draw down of retirement funds and determining the cost-benefit of state and federally funded financial management programs.

Appendix 1: Organisations represented at the National Financial Literacy Forum 2013

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- 10Thousand Girl
 - Abacus Australian Mutuals
 - AMP Limited
 - Anglicare (WA)
 - Anglicare SA
 - Australasian Retail Credit Association
 - Australia and New Zealand Banking Group Limited
 - Australia and New Zealand Institute of Insurance and Finance
 - Australian Bankers Association
 - Australian Defence Force Financial Services Consumer Council
 - Australian Energy Regulator
 - Australian Government Financial Literacy Board
 - Australian Securities and Investments Commission
 - Australian Super
 - Australian Taxation Office
 - Benevolent Society
 - BlackWattle Capital Partners
 - Brotherhood of St Laurence
 - Business Educators Australasia
 - CANSTAR
 - Care Inc. Financial Counselling & Consumer Law Centre
 - Casey North Community Information and Support Service
 - Catherine Rickwood Consulting
 - Catholic Education SA
 - CentaCare Wilcannia-Forbes
 - CFA Society Sydney
 - Choice
 - Christians Against Poverty Australia
 - Citi Australia
 - Colonial First State
 - Commission for Financial Literacy and Retirement Income
 - Commonwealth Bank of Australia
 - Council of Mortgage Lenders
 - Curious Interested
 - Davidson Institute
 - Department for Communities & Social Inclusion SA
 - Department for Education and Child Development SA
 - Department of Education and Training NSW
 - Department of Families, Housing, Community Services and Indigenous Affairs
 - Department of Human Services
 - Family Care
 - Financial Basics Foundation
 - Financial Counselling Australia
 - Financial Ombudsman Service
 - First Nations Foundation
 - FutureMap Pty Ltd
 - Good Shepherd Australia New Zealand
 - Good Shepherd Microfinance
 - HESTA
 - ING Direct
 - Institute of Chartered Accountants Australia
 - Institute of Public Accountants
 - Insurance Australia Group Limited
 - Internal Consulting Group
 - Macquarie University
 - Many Rivers Microfinance
 - Matrix on Board
 - Money 101 Money for Life Pty Ltd
 - MoneySmart Week
 - Moorefield Girls High School
 - Mortgage and Finance Association of Australia
 - Nathan Tyson Consulting
 - National Insurance Brokers Association of Australia
 - NSW Institute of Teachers
 - NSW Office of Fair Trading
 - Principal Edge Financial Services
 - Queen Victoria Women's Centre
 - RACQ Insurance Ltd
 - Researcher
 - Rosemount Good Shepherd
 - RMIT University
 - Stockbrokers Association Australia (formerly SDIA)
 - Suncorp Group
 - Tharawal Aboriginal Corporation
 - The Australian Communications and Media Authority
 - The Salvation Army
 - The Treasury
 - The Women's Investment Club
 - TRM Consulting
 - University of Queensland
 - University of Western Australia
 - Victorian Curriculum and Assessment Authority
 - Virtue and Partners
 - WB Financial
 - Wellington Free Ambulance Service
 - Wesley Mission
 - Westpac Bank
 - Women's Information and Referral Exchange Inc.
 - Woolworths
 - YOURLifeChoices website
 - Youth off the Streets
 - YWCA
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Appendix 2: Organisations and individuals contributing to the consultation process

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- All Money Matters
 - Anglicare NT—Vivian Bailey
 - ANZ
 - Arnhem Land Progress Association—Alastair King
 - Australian Payments Clearing Association
 - Association of Superannuation Funds of Australia
 - Australian Bankers' Association
 - Benevolent Society
 - Brotherhood of St Laurence
 - Commonwealth Bank of Australia
 - CHOICE
 - Customer Owned Banking Association
 - Community Information and Support Victoria
 - David Tennant (personal submission)
 - Department of Business, NT Government—John McLaren
 - Department of Families, Housing, Community Services and Indigenous Affairs
 - Department of Human Services
 - DomaCom
 - Financial Counselling Australia
 - Financial Planning Association of Australia
 - First Nations Foundation
 - First Super
 - Good Shepherd
 - Gosnells Community Legal Centre Inc.
 - Indigenous Financial & Commercial Literacy Taskforce NT
 - Individual submission
 - HK Training & Consultancy—Toni Cork
 - Indigenous business proprietor—Nina Clements
 - Institute of Chartered Accountants in Australia
 - Kildonan UnitingCare
 - KPMG
 - Laynhapuy Homelands Aboriginal Corporation Health Service—Jeff Cook
 - Little Fish—Hugh Lovesy
 - Melbourne Law School (Melbourne University)
 - Matrix on Board
 - Mission Australia—William Iles
 - Money Matters—Jenna Conway-Jones
 - Money Matters—Karen McDermott
 - National Australia Bank
 - National Disability Services
 - National Insurance Brokers Association
 - National Seniors Australia
 - Office of the PVC Indigenous Leadership—Bronwyn Rossingh
 - Our Lady Help of Christians Parish
 - RMIT University
 - S4W, Queen Vic women's, WIRE
 - Social Inclusion Board
 - Somerville Community Services—Dean Marshall
 - Take Two After Divorce
 - The Smith Family
 - The Women's Investment Club
 - Traditional Credit Union—Iain Summers
 - TRM Consulting
 - University of WA
 - VEDA applied intelligence
 - VISA
 - West Arnhem Shire Council—Sabine Whittle
 - Your LifeChoices
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