



ASIC

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REPORT 3

Stocktake of consumer education in financial services

July 1999

Final Report

Stocktake of Consumer Education in Financial Services

**For the Australian Securities &
Investments Commission**

**Research and reports by the
Financial Services Consumer Policy Centre**

July 1999

Final Report

1. Introduction

2. Research Approach

- 2.1 *Information Collection and Analysis*
- 2.2 *Electronic Search*
- 2.3 *Literature Review*

3. Education Material

3.1 *Categorisation of Material*

Banking
Life insurance
General Insurance
Home lending
Personal Lending
Credit Cards
Retirement Savings
Credit and Debt
Financial Planning
Investments
Internet Transactions
Share Trading
Scams and Swindles
Smart Cards

3.2 *Education -v- Marketing*

3.3 *Types of Material*

Web Site
Pamphlet
Kit
CD ROM
Video
Course

3.4 *Independence*

3.5 *Material not included*

4. Effectiveness

Level

- 4.1 *Overall Quality*
- 4.2 *Reach / Audience*
- 4.3 *Content*
- 4.4 *Clarity*
- 4.5 *Online Information*
- 4.6 *Currency / Timeliness*

5. Gap Analysis

- 5.1 *Where Education Material is Strongest*
- 5.2 *Where Education Material is Average*
- 5.3 *Where Education material is Weakest*
- 5.4 *Notes on Gaps*

6. Trends Analysis

- 6.1 *Web Sites*
- 6.2 *Multimedia*
- 6.3 *Outsourcing*
- 6.4 *Targeting Consumer "types"*
- 6.5 *Partnerships*

7. The Future of Consumer Education in Financial Services

8. Useful References

9. Case Studies

Case Study 1.

Australian Associated Motor Insurers Limited (AAMI)

Case Study 2.

Credit Union Services Corporation Australia Limited (CUSCAL)

Case Study 3.

Financial Services Complaints Resolution Scheme

Case Study 4.

Commonwealth Bank of Australia

Case Study 5.

Investment and Financial Services Association (IFSA)

Case Study 6.

Ministry of Fair Trading (WA)

Case Study 7.

Campbelltown Legal Centre

Case Study 8.

Centrelink's Financial Information Service (FIS)

10 List of Participants

11 Sample Database Entry

12 About the Centre

1. Introduction

This research project was commissioned by the Australian Securities and Investments Commission (ASIC), in consultation with ASIC's Consumer Advisory Panel, in order to "find out what information and education sources are presently available to Australian consumers of financial services and products. Where are the shortfalls and what gaps need to be filled?" ASIC has recognised the important role that consumer education plays in an increasingly complex financial marketplace.

The Financial Services Consumer Policy Centre was asked to produce a report in two parts:

- 1) A "stocktake" or collection of consumer education material in financial services; and
- 2) An analysis of the effectiveness and coverage of this material.

The results of the first stage - the collection of consumer education material - are presented separately in an electronic database, which may be suitable for use as a publicly accessible resource.

The database is a series of entries on participating organisations, listing their contact details and web addresses. Each entry lists the education material they have produced (or plan to produce) with brief descriptions of pamphlets, booklets, videos, etc. There is a lengthy description of each web site.

The database is updateable and searchable, and its use and possible public access are discussed Section 7 of this report.

A complete listing of organisations entered in the database appears in Section 11. Some sample database entries are included in Section 12.

The results of the second stage are presented in this report, which is structured as follows:

Section 2	Research Approach
Section 3	Education Material
Section 4	Effectiveness
Section 5	Gap Analysis
Section 6	Trends Analysis
Section 7	The Future

Overall, the project uncovered more consumer education material than anticipated, and identified a number of interesting trends.

Consumer education material is now available in a wide variety of formats, with an increasing emphasis on online and multimedia material. Industry played just as important a role in the provision of education material as government, and community organisations served a useful purpose in providing information to specific vulnerable groups.

The project notes a number of gaps in the provision of education material, where either the amount or quality of material is failing to meet the needs of consumers. These gaps are discussed in Section 5 of the report, and include superannuation choice, new technology financial services, tax effective investments, retirement savings accounts, deeming, Internet transactions and direct ownership of shares.

This report makes a number of recommendations as to how consumer education in financial services could be better coordinated and targeted. There are also recommendations on ways to improve the quality of the material itself.

This report is designed to complement the electronic database of consumer education material developed in the first stage of the project. A small selection of case studies are presented to illustrate the discussion.

We would like to thank all those organisations that responded to the stocktake and provided material.

2. Research Approach

The research is based on the collection of information from Australian organisations, online and electronic searching, and a brief review of relevant literature.

2.1 Information Collection and Analysis

A selection of Australian organisations were contacted between December 1998 and February 1999 and asked to participate in the stocktake.

A vast amount of consumer education material has been collected from these organisations. Around one hundred and fifty organisations have participated in the stocktake at the time of writing. A full list appears at Section 11. The organisations included:

- Fair Trading Agencies
- Financial Institutions
- Regulators
- State and Federal Government Departments
- Community Organisations
- Education Institutions
- Consultants
- Industry Associations
- Complaints Schemes

Detailed discussions were then held with a selection of organisations to add to our understanding of the materials.

The Centre attempted to contact a balanced cross section of key stakeholders. It should be noted that not every relevant organisation was contacted, and that participation appears to have been skewed towards industry associations, government agencies and regulatory bodies to some degree. In particular, individual financial services companies and institutions are slightly under represented.

The analysis which followed the information collection was carried out by Chris Connolly, the Director of the Financial Services Consumer Policy Centre¹, and Gerard Thomas, Policy Officer of the Australian Pensioners' and Superannuants' Federation².

¹ Financial Services Consumer Policy Centre, <http://www.fscpc.org.au>

² Australian Pensioners' and Superannuants' Federation, <http://www.apsf.org.au>

2.2 Electronic Search

In addition, a full electronic search was carried out by Information Edge (consultants to the project³) and a thorough web site search and analysis by the Centre's own staff.

This involved an extensive review of around 100 relevant web sites. The detailed description of each website is contained in the database.

2.3 Literature Review

A brief literature review was undertaken by the Centre.

2.3.1 Australia

There do not appear to have been any similar or overlapping studies undertaken in Australia which have focussed on consumer education in financial services, although some work has been undertaken on the provision and effectiveness of consumer education on legal issues.

Research on general consumer education in Australia is patchy. Twenty years ago, the Consumer Education Study Group produced "Consumer Education in Australia"⁴ - an analysis of the role of consumer education within the national school curriculum.

Since that time there has only been limited analysis of consumer education needs. Two of the better examples are "The Consumer Education Needs of Rural and Remote Australians"⁵, and "Grin and Bear it: Experience of Aboriginal Consumers in Rural NSW".⁶ Some of the findings of these reports are discussed in Section 4.

³ Information Edge, <http://www.ozemail.com.au/~infoedge/homepage.htm>

⁴ Curriculum Development Centre, Canberra 1979.

⁵ Consumer Affairs Division (part of the Department of Industry Science and Tourism at that time), Canberra 1997.

⁶ Report of the Aboriginal Consumer Education Project, NSW department of Consumer Affairs, Sydney 1994.

2.3.2 USA

There has been a series of useful analyses of the effectiveness of school and tertiary education in financial services from the United States, but no similar studies in Australia.

In summary, the US studies found:¹

- Levels of formal school education regarding financial services influenced (gradually) levels of asset accumulation.⁷
- Workplace financial services education influenced retirement savings plans.⁸
- There is a direct link between levels of education and “asset allocation decisions”, with less educated consumers less inclined to invest in equity securities.⁹

The US studies are less relevant to the current stocktake. They do, however, confirm the importance of consumer education in financial services, and give support to the conduct of that education in a variety of settings, including school and the workplace.

2.3.2 United Kingdom

In the United Kingdom, there have been a series of relevant reports on consumer education in financial services.

A thorough two part investigation of consumer education in financial services was undertaken by the Financial Services Authority in March 1998 (a general stocktake¹⁰) and November

1998 (a strategy report¹¹).

There have also been two useful surveys undertaken by the National Foundation for Educational Research (UK) in 1992¹² and in 1996¹³. This survey examined financial literacy rates amongst particular groups in the UK. Some of the key findings appear in Section 4.

Consumer education in financial services was also considered in a recent report commissioned by the British Office of Fair Trading - the Director General's Inquiry into Banking. This report, which was completed in July 1997, focussed on pensions and superannuation.

The report data was based on extensive field research which included focus groups and questionnaires. The report stated:

“Everyone has responded positively to the need for more co-ordinated public education and a greater level of such education.

We would neither underestimate the difficulty of the task nor the need for it to be attempted. Nearly half (48 per cent) of respondents to our consumer survey indicated that they agreed or strongly agreed with the statement that “I have found all the information I have seen, and advice I have received on pensions very confusing”. This figure was only slightly lower (43 per cent) for people with degree level education.”¹⁴

The report recommended that a more unified approach be taken by all involved parties in order to properly inform people about the various issues which are associated with the provision of superannuation and pensions.

The UK research is more relevant to the current stocktake, with a number of recommendations for the coordination of consumer education in financial services emerging.

⁷ Bernheim, Garret and Maki, “Education and Savings: The long-term effects of high school financial curriculum mandates”, National Bureau of Economic Research (US), Cambridge MA 1997.

⁸ Bayer, Bernheim and Scholz, “The effects of financial education in the workplace: Evidence from a survey of employers”, National Bureau of Economic Research (US), Cambridge MA 1996 and Bernheim and Garrett, “The determinants and consequences of financial education in the workplace: Evidence from a survey of households”, National Bureau of Economic Research (US), Cambridge MA 1996.

⁹ Poterba and Wise, “Individual financial decisions in retirement savings plans and the provision of resources for retirement”, National Bureau of Economic Research (US), Cambridge MA 1996.

¹⁰ Financial Services Authority, “A guide to the provision of financial services education for consumers”, London, March 1998.

¹¹ Financial Services Authority, “Promoting public understanding of financial services: a strategy for consumer education”, London, November 1998.

¹² National Foundation for Educational Research (UK), “Financial literacy”, London 1992.

¹³ National Foundation for Educational Research (UK), “Financial literacy in adult life”, London 1996.

¹⁴ United Kingdom Office of Fair Trading: Report of the Director General Inquiry Into Banking, 1997.

3. Education Material

There is a large volume of consumer education material available in Australia - perhaps more than anyone expected would be found.

The type of information collected in this research covered the entire field of financial services. However, it should be noted that ASIC does not have legislative coverage of consumer credit. The information collected on consumer credit is, however, useful for comparative purposes, and in any case was often difficult to separate from other information.

3.1 Categorisation of Material

There was some suggestion that it would be appropriate to categorise materials on the basis of 'life events' (such as leaving home, buying a house, planning for retirement etc.) or "life stages" (such as young students, families, retirees etc¹⁵). On closer examination these models of categorisation did not prove useful. There was simply no clear indication of when some types of consumer education were needed, and too many products crossed many or all of these categories.

The "topic" based categorisation used in this project is simple and intuitive. Its use in the electronic database enables rapid searching for keywords, categories, text or blocks of text.

The information has been divided into the following categories:

Banking	Investments
Life insurance	Superannuation
General Insurance	Budgeting
Home lending	Internet Transactions
Personal Lending	Share Trading
Credit Cards	Scams and Swindles
Retirement Savings	Smart Cards
Credit and Debt	Consumer Rights
Financial Planning	

3.2 Education -v- Marketing

One further difficulty in categorisation is establishing what material should correctly be categorised as "education material". The distinction between education material and marketing material is often blurred, and this project found that both types of material occasionally appear in the one document or product.

This difficulty was also experienced during the British research on consumer education in financial services:

"A difficulty, when conducting research for the Directory, has been to maintain distinctions between 'education', 'information' and 'marketing'.

Educational initiatives arise from a range of differing motives, which affect how the initiative is designed and presented. For example, some commercial organisations clearly view education as part of their marketing. Some organisations view links with education as part of their 'community action' programmes, or as an aspect of the human resources function, in developing a potential local workforce or in staff development. Public interest organisations may see a protective role for investor education, while some educational organisations have in the past approached it as a by-product of business-enterprise links".¹⁶

In this project, material which is a blend of education and marketing has been included in the database. Only pure marketing material has been excluded.

This means that a number of the brochures, videos and other material contain information about the merits of a particular company, product or service.

Where possible, reference has been made to the independent nature of material which is free of marketing.

¹⁵ This model of categorisation was attempted in the UK studies.

¹⁶ Financial Services Authority, "A guide to the provision of financial services education for consumers", London, March 1998.

3.3 Types of Material

The database also lists material by “type”. This additional layer of categorisation may prove useful when searching for particular material, or attempting to better coordinate the provision of material, and target it to particular audiences.

The categories for “type of material” are:

Web Site	Kit
Pamphlet	CD ROM
Booklet	Video
Book	Course

3.4 Independence

A question also arises about the independence of the providers of consumer education material.

Industry associations will always find it difficult to provide truly independent advice, although it should be noted that in this stocktake, the material collected from industry associations was balanced and useful for consumers.

Industry associations obviously stress the benefits of education initiatives to their members. However, they also play a role in improving best practice in their particular sector, and need to educate consumers in these sectors about potential risks.

The independence of complaints schemes is best assessed on a case by case basis. The funding for complaints schemes comes from a variety of sources, and they have a mix of consumer, industry and government representation.

In any case, the information provided by complaints schemes is generally limited to information about consumer rights and the procedures for making a complaint.

The community looks to its own community based organisations and/or government agencies to provide objective information that is free of commercial bias. However, the information may occasionally contain other bias, influenced as it is by either Government policy or community advocacy.

In general this latter bias is in the consumers’ interest, and can do little harm. It is important for at least some sources of independent information to exist for each financial services product type.

The question of independence becomes complicated where information is provided through a joint project. The Government encourages a “community partnership” approach to consumer education, so joint projects are taking on increased importance.

Some projects involve private sector finance. For example, the “Dollars and Sense” booklet produced by the Australian Pensioners’ and Superannuants’ Federation (and its accompanying brochure) was partly funded by Westpac.

The independence of the information provided through partnerships must be assessed on a case by case basis.

3.5 Material not included

Certain types of education material were not collected in the stocktake. This was due to a combination of resource, time and focus considerations.

Materials which were not included in the stocktake are:

- Books
- Media
- Formal courses
- Disclosure/contractual information
- Workplace education programs

There is a huge amount of material that must be considered 'educative' in books - especially books about investments. Time and resources did not allow consideration of this source of information.

The media provides ongoing information about financial services. There has been a recent boom in "lifestyle" type television programs which cover financial services information, and a variety of newspaper sections and specific magazines cover financial services from the consumers' perspective.

Indeed, the scale of information available through the media make it a worthwhile subject for further study. This is discussed in Section 7 of this report.

Formal courses are not discussed in this report. Formal courses are those where the student is attempting to gain a professional qualification. These include courses run by schools, universities, other tertiary institutions and professional associations.

This report focuses on the provision of consumer education material to consumers generally, rather than for the purpose of achieving formal qualifications.

There are some courses (usually adult education classes offered by smaller institutions or TAFEs) which are designed to provide general education to consumers about financial markets, investments and retirement incomes. Unfortunately, while these courses are relevant to the current study, time and resource constraints did not permit inclusion of these courses in the stocktake.

Disclosure and contractual information was excluded from this stocktake. This information serves a different purpose to consumer education material, although the two are obviously complementary.

Disclosure in financial services has been the subject of a number of recent inquiries and reports.

No time or resources were available for consideration of financial services education in the workplace. This might prove to be a useful topic for further research, as there are indications from the US that workplace education programs on retirement savings can have a substantial impact.¹⁷

¹⁷ Bayer, Bernheim and Scholz, "The effects of financial education in the workplace... Op Cit.

4. Effectiveness

The aims of consumer education in financial services are to:

- Assist consumers to make informed and appropriate choices
- Improve consumer confidence in financial services - especially new financial services
- Provide practical information about the use of financial services
- Increase use of financial services
- Protect consumers from risk
- Inform consumers of their rights, and the availability of redress

The first key to understanding the effectiveness of consumer education in achieving these aims is to accept that not all consumers are equal.

There are vast differences in general literacy, financial literacy, access to information, access to technology and language skills amongst Australian consumers. Material that might be effective for one group, may not be effective for others.

In this project we have attempted to analyse material from the perspective of a wide range of consumers, with particular emphasis on older consumers.

With literacy playing such an important role in achieving effective education of consumers, it is worthwhile considering literacy in further detail.

In Australia, literacy is measured on three general scales - prose literacy, document literacy and quantitative literacy. Each is ranked in five levels, with Level 1 being very poor and Level 5 being very good.

The latest data (1996) appears in Figure 1.

Level (1 is lowest)	Prose	Document	Quantitative
1	17%	16.8%	16.8%
2	27.2	27.9	26.6
3	35.9	37.6	37.6
4 +5	18.9	17.5	19.0

Figure 1: Literacy in Australia ¹⁸

Financial literacy, however, is not the same as general literacy. The “document” and “quantitative” scales used by the ABS are the closest to financial literacy, but they are still fairly general scales.

There may be some correlation between general literacy levels and financial literacy levels in different groups, but the exact relationship has not been the subject of any serious study in Australia¹⁹.

Financial literacy has been defined as “the ability to make informed judgments and to take effective decisions regarding the use and management of money.”²⁰

It seems that for the purposes of this project, it is best to judge “effectiveness” in the light of this outcome oriented definition of financial literacy.

There has been some useful UK research on what types of information are desired by particular groups of consumers (including vulnerable groups). This work is the result of surveys in 1995 and 1996 by the National Foundation for Educational Research.

¹⁸ Australian Bureau of Statistics, “Aspects of Literacy”, Canberra 1996.

¹⁹ More information on literacy (including numeracy) in Australia is available from the Adult Education Research and Information Service, <http://sunsite.edu.au/language-australia/aris/>

²⁰ National Foundation for Educational Research (UK), “Financial literacy”, London 1992.

Figures 2 and 3 (below) examine the topics in which people were interested. Care must be exercised in drawing a direct correlation between the UK information and Australian information because there are several uniquely British products included in the survey, but the general trends are revealing.²¹

	General Public
Better/effective budgeting	19%
Keeping out of debt	11
Income tax/national insurance	27
Housing and related benefits	9
Maintenance payments	4
Mortgages	15
Insurance/pensions	31
Different kinds of borrowing	5
Different kinds of savings	25
Student loans and grants	8
Benefits for low paid workers	7
Link between earnings/benefits	9
None of these	26

Figure 2: Topics where consumers wanted to learn more (more than one response could be given) - General Public ²²

Figure 2 clearly shows the wide variety of topics in which consumers are interested. Taxation and pension information dominates for the general public category. However, in Figure 3 we can see the massive changes once we turn to a more targeted group.

	Single parents on benefits
Better/effective budgeting	16%
Keeping out of debt	28
Income tax/national insurance	7
Housing and related benefits	23
Maintenance payments	14
Mortgages	2
Insurance/pensions	12
Different kinds of borrowing	8
Different kinds of savings	8
Student loans and grants	5
Benefits for low paid workers	29
Link between earnings/benefits	14
None of these	15

Figure 3: Topics where consumers wanted to learn more (more than one response could be given) - Single parents on benefits ²³

Figure 4 and 5 (below) provide the more interesting data, and present a real challenge for stakeholders in financial services and consumer education. The data examines what preferences consumers have for how they would like to receive educational information, and there is a clear preference, amongst every category of consumer, to speak to someone personally about the issue.

Unfortunately the survey was carried out prior to the recent boom in the use of the Internet, and no questions were asked about the possibility of obtaining information online.

In this case, the contrast between the general public and targeted groups is less striking.

²¹ Note also that in the US it is estimated that around 20% of adults read at or below 5th grade level, National Institution for Financial Literacy, <http://www.nifl.gov>

²² NFER Op Cit

²³ Ibid.

	General Public
Talk to someone	61
Read booklet	34
Go to evening class	15
Watch a video	11
Take a correspondence course	8
Don't Know	3

Figure 4: Preferred learning methods (more than one response could be given) - General Public²⁴

Other categories tested in the UK survey included “young people in work or training”, “families in rented housing” and “higher education students not living at home”.

	Single parents on benefits
Talk to someone	60
Read booklet	27
Go to evening class	20
Watch a video	8
Take a correspondence course	11
Don't Know	4

Figure 5: Preferred learning methods (more than one response could be given) - Single Parents²⁵

It would be useful to explore options for similar surveys in Australia. However, in this project, there has not been an opportunity for that style of data collection.

A limited Australian survey was conducted by Dr Lisa Bourke in 1996.²⁶ This study included only rural and remote consumers. It also covered all consumer issues, not just financial services. Some of the findings, however, are very interesting.

²⁴ NFER Op Cit.

²⁵ Ibid.

²⁶ Reported in: Consumer Affairs Division, “The Consumer Education Needs of Rural and Remote Australians”, Canberra 1997.

Figure 6 shows the consumer topics which respondents believed were most important:

	not important	very important
banking	8	70
product safety	10	60
insurance	14	52
legal advice	14	49
consumer rights	16	48
buying/renting homes	30	42
financial counselling	24	41
complaints	20	40
direct marketing	70	14

Figure 6: The importance of information on consumer topics (%)²⁷

Obviously financial services rank highly in this result.

Respondents were also asked whether they had enough information on certain consumer topics. There is a subtle but important difference between the two questions, and it is unfortunate that the topics were not the same in both questions.

Figure 7 shows the results for the question: “Please indicate if you have enough information on your rights and responsibilities as a consumer in relation to each of the following:

²⁷ Ibid p. 33.

	Yes	No
direct marketing	36	64
complaints	39	61
product safety	52	48
financial counselling	56	44
legal advice	63	37
banking	65	35
credit	65	35
buying/renting homes	72	28
buying a car	74	26

Figure 7: Needs for types of consumer information (%) ²⁸

The above discussion highlights the need for further quantitative analysis of this kind, from the consumer’s perspective.

The current stocktake was more concerned with the information and consumer education material now available to the public. The key findings of our stocktake and analysis are presented in the following sections.

4.1 Overall Quality

The overall quality of the material collected was mixed.

This inconsistency was to be expected. There had been no previous national stocktake, and no effort to maintain a particular standard of consumer education in financial services in the past.

The wide spread of resources available to participating organisations also has an impact on overall quality.

4.2 Reach / Audience

It is important for consumer education material to reach the right audience. The ability to achieve this aim depends on the “reach” of any education program, or the ability to “target” the information to an appropriate audience, or a combination of both.

²⁸ Ibid p. 34

4.2.1 Reach

The project has not been able to determine the ‘reach’ of much of the material provided. This would be an extremely resource intensive inquiry, as many of the organisations did not appear to have information on ‘reach’ readily available.

Indeed, most organisations did not appear to have any mechanisms in place to ascertain the reach of their information.

Some material obviously has very wide distribution. The Centrelink booklet “Investing Money - Your Choices”, for example, has been distributed to over 300,000 consumers.

At the other end of the spectrum, the “Smart Cards: Consumer Information Kit”²⁹ only had a print run of 200. While many of these are now in libraries and community organisations, their potential to reach individual consumers is obviously limited.

It was suggested by some participants in the stocktake that the provision of online information would assist organisations reach a wider audience.

The reach of online information, however, is likely to be skewed towards particular demographic groups. Regular Internet access is still something of a privilege in Australia. Despite spectacular recent growth, Internet access by persons over the age of 55 is less than 6.5%.³⁰ This will change gradually over time.

4.2.2 Targeting

Organisations may attempt to target particular audiences who require education as a matter of priority. Surprisingly little education material in the stocktake targeted specific groups.

²⁹ Consumer Credit Legal Centre (NSW), “Smart Cards: Consumer Information Kit”, Sydney 1997.

³⁰ Australian Bureau of Statistics, “Use of Internet by Householders”, Canberra 1998.

Targeting may occur when regulators or community organisations identify particular risks to classes of (often vulnerable) consumers.

In most cases, targeting is required because of the particular needs of disadvantaged consumers. Groups identified during the stocktake who receive or require targeted information include:

- People from non-English speaking backgrounds (NESB)
- People with disabilities
- People with literacy and numeracy difficulties
- Low income consumers
- Pensioners
- Social security recipients
- Indigenous consumers
- Older consumers
- Young consumers
- Regional and remote consumers
- Retirees

There can also be an element of commercial motive in targeting some groups, although the reasons for targeting particular groups are rarely purely commercial. Some financial institutions attempt (and often succeed) to build niche markets amongst particular ethnic populations. Providing material targeted to those groups serves a dual education and promotional purpose.

Occasionally, responsibility will fall back on Government to provide appropriate resources to ensure that disadvantaged consumers will receive adequate education on financial services - particularly where major regulatory or technological change is involved.

For example, evidence was presented to a recent inquiry into superannuation choice which helped identify particular target groups in relation to consumer education about superannuation choice of fund. Participants in the inquiry argued that particular care needs to be taken in meeting the educational needs of young workers, part time workers and those from non English speaking background (NESB).

The justification for these arguments were that those workers have a tendency to be amongst the most marginalised. Part time workers tend to suffer a great deal of job insecurity as they are usually concentrated in transient jobs, more often than not in the hospitality industry. Besides being vulnerable to a range of issues such as discrimination, racism, and high levels of unemployment, many workers from NESB also have poor literacy and numeracy skills. Young people on the other hand have very little experience in dealing with employers and associated matters such as superannuation and as such they could also fall victim to some imprudent choice making.³¹

One of the most difficult groups to target is the large section of the community which experience literacy and numeracy difficulties.

The Australian Bureau of Statistics undertook research in 1996 on aspects of literacy in Australia. They found that :

“Almost 44% of 15-64 year olds had poor or very poor literacy skills (in English) and could be expected to experience some or considerable difficulties in using many of the printed materials encountered in daily life.”³²

People with literacy difficulties can be difficult to reach. It is beyond the scope of this report to discuss difficulties in improving literacy levels, and access to people with literacy difficulties. There are some recommendations for further study in this area in Section 7 of this report.

The stocktake found very few examples of education material targeted at indigenous consumers, although the information which was discovered was of a very high standard.³³

³¹ Submissions to the Senate Select Committee on Superannuation Inquiry into Choice of Fund, Canberra 1997, particularly the Australian Council of Trade Unions and the Investments and Financial Services Association.

³² Australian Bureau of Statistics, “Education and Training”, Canberra 1996.

³³ See for example the WA Ministry of fair Trading, <http://www.wa.gov.au/gov/mft>

The provision of education material on other issues important to indigenous communities may have taken priority over financial services.

It should also be noted that some consumers may fall into more than one group of “disadvantaged consumers”. For example, the ABS found that 69% of indigenous people had poor to very poor literacy skills (Level 1 or 2).³⁴

As noted, the research uncovered relatively little education targeted towards specific groups. This could be because of an assumption that ‘one size fits all’, or could be due to other factors, such as lack of resources or lack of demand.

Material which did target specific groups was usually of a very high quality. The focus on particular consumers seemed to assist in the clarity of expression and the attractiveness of the material.

By way of example, the National Australia Bank’s “Learning about banking: an educational kit for migrants”, is a comprehensive package including course notes, a video and an audio cassette. It is presented attractively and covers a huge range of issues in a simple to follow format.

Of course, not all targeted information is truly ‘targeted’. One information kit for a particular type of consumer was simply a range of existing pamphlets with different covers, presented in a new folder. The kit is still very useful, but it is basically a one size fits all approach.

4.2.3 Language

It was disappointing to note the lack of information available in languages other than English.

Generally, organisations did not supply any information to indicate they provided education services to people from non-English speaking backgrounds.

³⁴ Australian Bureau of Statistics, Unpublished data from “Survey of Aspects of Literacy”, Canberra 1996.

Community organisations were better in this regard, although the main emphasis of many of those programs was credit and debt - areas outside the jurisdiction of ASIC.³⁵

Some complaints schemes and fair trading agencies provided information in a variety of languages, and most had arrangements in place to communicate with consumers through interpreter assistance services.

However, the availability of consumer education material in languages other than English obviously needs to go beyond situations where the consumer already has a complaint.

4.3 Content

Four smaller issues which impact on the effectiveness of education material are covered under the title “content”. They are accuracy, jurisdiction, attractiveness and contact details.

4.3.1 Accuracy

This project was not able to assess the accuracy of all the information collected. However, from the case studies, it did not appear that there was any need for serious concerns about the accuracy of the information provided.

There were some occasional concerns about the descriptions of fees and charges in certain material. These issues are of great importance, requiring further investigation. However, they should correctly be seen as ‘disclosure’ issues for those products and services, rather than a general education issue.

4.3.2 Jurisdiction

In Australia’s complicated financial services marketplace, it is important to identify what jurisdiction material is relevant in.

³⁵ For example, the Consumer Credit Legal Centre (NSW) Inc. has begun a comprehensive training program working with bilingual community workers on debt issues.

This is not a vital issue for the federally regulated financial services that are of interest to ASIC, but there was some confusion about other financial services, and the material used to describe them. This may be of particular relevance to credit products.

It would be a simple enough task to state that “this information applies to all X type services in Y state”.

4.3.3 Attractiveness

How can consumer education material in financial services be made attractive? The topic is complex and, for many, dull.

All the comments here about specific problems with effectiveness will be irrelevant if consumers simply don't pick up the material to read.

The case studies show that some material is effective at attracting the eye, offering some interest, and then holding the attention of consumers.

The general lessons regarding attractiveness are:

- use clear titles and headings
- focus on the consumer (ie. “Understanding your financial plan”)
- keep it short
- if it has to be long, provide a clear guide to contents

Of course, a great deal of the material provided is necessary rather than attractive. There are times when consumers seek out specific information, no matter how it is presented. For example:

- information about complaining
- information about personal financial crisis
- information about financial matters after the death of a dependant
- information about court action

4.3.4 Contact Details

It may seem obvious, but clear contact details need to be provided on all educational

material. A few older pamphlets and some web sites lacked easy to find contact details.

4.4 Clarity

This issue is best explored by reading the case studies.

Clarity takes two forms - clarity of expression and physical clarity.

The project found that clarity of expression was better than expected. Many organisations used charts, comic strips, pictures and simple diagrams to complement the text. Language was generally clear, with only occasional lapses into jargon and legalese.

Where jargon and acronyms were used they were often supported by simple explanations.

Legalese was rare, but this may be because it is reserved for ‘disclosure’ material rather than education material. (The project did not generally look at disclosure or contractual documentation).

Overall, community organisations and fair trading agencies used the simplest and clearest language. However, regulators, industry associations and financial institutions used the most graphics (this probably reflects the resources available to each type of organisation), and this helped balance the sometimes difficult text.

Physical clarity, however, continues to be a disappointment.

A large amount of material is presented in a way which creates difficulties for older consumers, and consumers with visual difficulties. This issue is discussed in some of the case studies.

While not a widespread feature of the material submitted, the effectiveness of some information must be questioned when it is presented in a manner which seems ‘detached from reality’.

Unrealistic portrayals of consumers tend to act as a distraction from the important information being conveyed.

For example, brochures which depict happy couples sitting down together to calculate their bank fees and charges over breakfast might be considered as going “too far” in an attempt to achieve attractiveness.

4.5 Online Information

The Internet is a relatively immature medium, and the variety of online presentation styles is quite wide.

It is therefore unlikely that setting out a series of criticisms or complements on different web sites in this stage of the report would be of use. However, a detailed description of each web site appears in the electronic database, including some commentary on the effectiveness or otherwise of the material available.

Generally, online information suffered from the same problems as other types of information. Opportunities for presenting education material in an interactive environment do not appear to have been fully explored at this stage - most web site material is therefore based on existing brochures and pamphlets.

However, the “trends” analysis of this report (Section 6), notes a move towards the provision of interactive services.

4.6 Currency / Timeliness

One of the major barriers to the provision of effective consumer education material is the lack of indication in the material about its date of production or its currency.

This is a fairly consistent phenomenon across the whole range of material received, with very few exceptions.

Pamphlets and booklets were the worst “offenders”. Virtually none carried publication dates or currency statements.

Fortunately, two of the most important collections of education materials - those published by the National Information Centre on Retirement Investments and the Australian Pensioners’ and Superannuants’ Federation, both carry consistent and prominent publication dates.

Currency is obviously an important issue in consumer education. The financial services marketplace moves at quite a fast pace, and recent experience has shown that there can be a wide range of legal and regulatory changes in a short space of time.

Materials which were obviously out of date were supplied during the collection phase of this project - usually by third parties. These included pamphlets on the now defunct Prices Surveillance Authority supplied by both a community based organisation and a fair trading agency, and information relating to a number of changed regulators, industry bodies and government departments were supplied by a variety of participants.

The obvious fear is that organisations simply keep stocks of materials until they run out or are updated, and may hand these on to consumers. Consumers will not realise that the information is out of date.

Publication dates are useful, but are often hidden in a small copyright notice or a similarly obscure part of the document.

The most effective material makes a clear and prominent statement that “this information is current at date X”.

5. Gap Analysis

The gap analysis included here will hopefully be useful for setting future directions and priorities in consumer education in financial services.

In addition, if an electronic database becomes publicly available, an interrogation of the database by any organisation planning to embark on a consumer education program will help eliminate overlap.

- Life Insurance
- General Insurance
- Investments
- Superannuation (excluding choice)
- Banking
- Scams and swindles
- Home lending

5.1 Where Education Material is Strongest

Consumer education material is strongest in three areas:

- Credit and debt
- Budgeting
- Consumer rights (complaints)

Without doubt, the provision of education material is strongest in the credit and debt and general budgeting fields. (As noted, these are areas not generally within the jurisdiction of ASIC).

This is due to the strong involvement of community organisations and government agencies in credit and debt issues.

Another area which was extremely well covered by existing material was information on general consumer rights and making complaints. There was both good general information (eg. the National Information Centre on Retirement Income (NICRI) pamphlet on complaint resolution schemes) and specific information (eg. the Australian Banking Industry Ombudsman pamphlet and web site).

5.2 Where Education Material is Average

There is a reasonable amount of consumer education material available on:

The sheer amount of information on these topics was quite impressive. However, the quality and consistency was not equal to the information on credit and debt or how to make complaints.

5.3 Where Education material is Weakest

An assessment of possible 'gaps' includes:

- Superannuation choice
- New technology financial services
- Tax effective investment schemes
- RSAs
- Deeming
- Internet transactions
- Direct share investment

All of these areas are within the general remit of ASIC, although some involve additional agencies such as Centrelink and the Australian Taxation Office.

There are probably no real surprises in this list of gaps.

5.3.1 Superannuation Choice

Superannuation Choice is a relatively new concept. Although choice of fund is not yet mandated by Government (it is not known when the legislation to implement a Choice of Fund legislative regime will be passed), choice in the marketplace is already taking place.

Consumers can now opt to play a greater role in the selection of their superannuation provider, and the selection of investment strategies within that fund.

Education in this field needs to catch up with the rapidly changing superannuation market.³⁶

5.3.2 New Technology Financial Services

New technology financial services and Internet transactions are the subject of great media interest and constant industry analysis, but there has been little time to put education materials in place.

It is interesting that Telstra have produced a school video on smart cards (one of the very few materials available on smart cards) that is a very attractive and easy to follow explanation of both the technology and the consumer issues surrounding smart cards.

This may indicate the importance of financial institutions taking the lead in providing consumer education material in this field, as they have the most to gain by boosting consumer confidence in the new technologies.

The provision of independent information, either separately or in partnership with business, is not yet taking place.

5.3.3 Tax effective Investment Schemes

The term "tax effective investment schemes" can mean many different things, but here refers to a particular type of investment, usually plantations or exotic animals, sometimes driven by R&D advantages, that raise a wide range of consumer issues. They seem to have been neglected in the education stakes.

There is some relevant education material in the 'scams and swindles' section, and occasional warning information. The Australian Securities and Investments Commission takes the lead in this field, issuing a series of specific warnings at times when

investors may be considering participating in these schemes for tax reasons.

However, there is no general independent descriptive information about this style of information, how it is sold, what to look for, background information etc.

Obviously not all such schemes fail or pose substantial risk to consumers, so the heavy reliance on "warning" style education, while a key component of education in this area, may have limitations in changing or improving consumer understanding or business behaviour.

Education material on these products may be difficult to produce because of their 'fad' style and often rapid demise. However, there is good potential to produce some generic and comparative material.

5.3.4 RSAs

Retirement Savings Accounts (RSAs) are a recent addition to the superannuation industry, and have risen to prominence. They deserve greater attention. Information about RSAs tended to be limited or 'mixed up' with general banking information.

5.3.5 Deeming

Deeming is a policy which is often seen as confusing for some older people. Although there was some material available on deeming, it was not as accessible as information from the same organisations on other topics.

The lack of information on this topic was surprising, given that deeming policy, along with the assets test, is used to assess pension and income support payments.

With hundreds of people retiring every week, there is a clear need to continue to provide ongoing education material to consumers about deeming policy and how the policy can work to the advantage of retirees.

³⁶ See also Financial Services Consumer Policy Centre, "The keys to Superannuation Choice" Sydney 1999.

Information on deeming accounts may be available later in 1999. The federal Department of Family and Community Services has commissioned the National Information Centre on Retirement Investments to undertake a project to analyse information on deeming accounts available from financial institutions.

Depending on the outcome of that review, the education needs of consumers with an interest in deeming accounts may need to be addressed.

5.3.6 Internet Transactions

New technology financial services and Internet transactions have been split into two categories in the stocktake.

“New technology financial services” include telephone banking, smart cards and like products. “Internet transactions” include Internet banking, Internet shopping, online trading in shares, online collective investments, online insurance and all aspects of electronic commerce.

Very little information on Internet transactions was provided in the stocktake, and the information found online was too general to be effective in consumer education. That is, the information often explained the technology behind the system, but not specific consumer issues.

There are a number of consumer protection codes and regulations which apply to these activities. However, there was little educational material describing the links between the services and the protections available.

Obviously this is a new area, but the rapid growth in online shopping, banking, mortgage broking, investing and share trading indicate that this may need to be seen as a priority.

5.3.6 Direct Share Ownership

Finally, direct share ownership is discussed in a number of materials, but the discussion is often very general and included as an after thought. Direct ownership of shares has a number of important tax and consumer protection consequences for consumers. In comparison to collective investments, there seems to be little opportunity for education about these issues.

Considering recent increases in direct ownership of shares by Australian households, there was very little information provided.

This lack of material may, however, be addressed by the proliferation of investment magazines, newspapers and newsletters which discuss direct ownership of shares.

5.4 Notes on Gaps

One note of caution should be made in discussing these ‘gaps’. This report did not include either a direct survey of consumers or collection of information through focus groups. The gaps identified here relate to gaps in the information being produced by participating organisations.

The gaps noted here are from the providers’ perspective rather than the consumers’ perspective.

There may be a range of additional ‘gaps’ caused by problems with the ‘reach’ of some education material, or gaps caused by education material simply missing particular groups, because so much of it is general “one size fits all” information.

Gaps may also be caused by the skewed demographics of those consumers with regular access to online information, and those consumers who live in regional and remote communities.

6. Trends Analysis

This project has helped identify a number of interesting trends in consumer education in financial services.

6.1 Web Sites

The most obvious one is the move to provide information on web sites. While many sites simply reproduced existing brochures, others are beginning to experiment with online feedback, interactive experiences and even online 'video tours'³⁷ and educational games.³⁸

Interactive telephone and fax services were also being used by some organisations (although some of these required payment).³⁹

The move towards the provision of interactive web sites and electronic material is encouraging, as this may help overcome the "one size fits all" nature of most current consumer education material.

6.2 Multimedia

There was also a general trend towards multimedia, with several CD ROMs and a number of video and audio cassettes submitted.

Some educational material was in the form of kits comprising both written and multimedia material. These kits were generally the best quality material collected in the stocktake.

6.3 Outsourcing

There are also signs of the beginning of a trend towards outsourcing the production of education material to specialist organisations. In the past this may have meant "PR" organisations, but it appears that specialist consumer education organisations are finding a niche.

One prominent organisation in the stocktake is the Centre for Economic Education which produced material for CUSCAL (discussed in the case study) and has recently been commissioned by the Australian Bankers' Association to produce some material on general banking for schools.

This may prove to be a useful trend in delivering quality and consistency in the materials themselves, as expertise develops in this area outside the normal "marketing" circles.

6.4 Targeting Consumer "types"

Another trend is the move by some organisations (notably industry associations) to split their information into that which is suitable for sophisticated consumers, and that which is more introductory.

For example, booklets titled "Insights" are produced which are obviously aimed at sophisticated and possibly higher wealth individuals. Booklets titled "introduction to..." are targeted towards beginners, and may sometimes be useful for disadvantaged consumers, whether or not that is the intention.

This is an interesting trend, and correlates with some proposed changes to the regulation of financial services, where different standards may be applied to different classes of consumers.⁴⁰

If the trend develops, it will need to be watched carefully. Concerns may arise about whether the right type of information gets to the right type of consumers. Also, the trend may lead to the situation where commercial organisations only provide education material to wealthy consumers, leaving the education needs of other consumers to be addressed by community organisations and government.

³⁷ See for example <http://www.fscrs.asn.au>

³⁸ See for example <http://www.asic.gov.au>

³⁹ See for example <http://www.choice.com.au>

⁴⁰ Corporate Law Economic Reform Program, "Financial Products, Service Providers and Markets - an Integrated Framework", Canberra 1999 (Chapter 1).

6.5 Partnerships

Finally, there is a partial trend towards the production of materials in 'partnership'. Whereas most material is clearly produced by either a government agency, a regulator, an industry association, a complaints scheme or a community organisation, there are a few examples emerging of material produced by industry and community organisations in partnership.

This is very encouraging. The samples provided indicate that an effective balance can be struck between the simplicity, clarity and independence of community based information, and the resources and knowledge of the industry.

While a number of larger scale "community partnerships" are being promoted by the federal Government, there may be a niche for smaller scale, targeted education programs which provide benefits for all participants.

7. The Future of Consumer Education in Financial Services

This section discusses recommendations about the provision and coordination of consumer education in the future.

In the post-Wallis regulatory framework for financial services, it is recognised that there are a number of competing priorities for time and resources.

However, it is also recognised that the financial marketplace is increasingly complex, and that consumer education carries great benefits for business, government and consumers.

7.1 Explore the establishment of a central source of data on consumer education material.

The establishment of a central source of data on consumer education material would be of great benefit to both the providers of that material, and consumers.

The electronic database created during the stocktake is a useful starting point, but something more comprehensive and accessible is required in the long term.

Ideally this information would be easily accessible to a wide variety of stakeholders. Issues to explore are whether the data should be maintained 'independently' or whether organisations can update their own information without the intervention of a third party.

It is acknowledged that this recommendation has significant resource implications. These will obviously need to be explored. However, it should be noted that the benefits of establishing a central source of data will include costs savings from avoiding overlaps and sharing information.

7.2 Implement measures to improve coordination of consumer education materials

There does not appear to be any simple national system for coordinating education strategies in financial services in place. There are a number of gaps and overlaps as a result.

Having now identified some of these gaps (and also some trends), there is an opportunity to establish a mechanism for improving coordination of consumer education materials.

This coordination effort will have to be tripartite, including input from government, business and community organisations.

It will not be effective if only government is involved, as a huge amount of material is produced by industry and community organisations. Industry appear to be well placed to anticipate emerging issues (new products and services and new technologies) and community groups are well placed to anticipate emerging problems (complaints, consumer needs etc). A round table approach may therefore work well in this situation.

7.3 Explore options for the systematic evaluation of consumer education material

To improve the quality and consistency of material, some effort at creating standards might prove useful.

However, there are indications that improvements can be achieved through the emergence of niche 'expert' organisations, and also through the production of information in partnerships.

The development of quality standards would require a great deal of time and resources.

In the UK, the Financial Services Authority (FSA) is considering putting its stamp of approval on education material that meets its quality criteria:

“4.19 Quality: Launch a joint initiative with the industry to improve clarity of information and levels of customer service, including possible FSA endorsement of good practice.”⁴¹

However, it is unclear whether this is the best approach for Australia, and this report does not recommend the commitment of extensive resources to the development of standards at this stage.

If time and resources are limited, a preference may emerge for resources to be focussed on the exploration of ideas for sharing and coordinating resources, and producing research and information that informs the development process. This may prove more useful in the long term than development of, and reliance on, quality standards.

7.4 Issue general guidance on the fundamentals of consumer education

In the absence of detailed and assessable standards, some general guidance may be of use. The key findings of this report can form the basis of general guidance notes on the fundamentals of producing consumer education material.

Guidance on the production and distribution of education material should include the following issues:

- Reach
- Targeting
- Language

⁴¹ Financial Services Authority, “Promoting public understanding of financial services: a strategy for consumer education”, London, November 1998 at p. 21.

- Accuracy
- Jurisdiction
- Attractiveness
- Contact Details
- Clarity
- Currency

7.5 Consider further research on key consumer education issues

This report was necessarily focussed on a small subset of education.

Several key issues emerged where more research is required to inform the development of effective education material in financial services.

7.5.1 Reach

Reach was discussed in detail in Section 4. As noted there, it was beyond the scope of this project to assess the reach of the material provided. It may prove to be a more important issue in the long term than quality or clarity.

The development of a mechanism for measuring the reach of consumer education material would be extremely useful to both providers and consumers. Efficiencies should be gained from the development of a better understanding of reach.

7.5.2 Financial Literacy

Some information on levels of financial literacy in Australia would be useful. It may be unreliable to rely on current information on general literacy without further exploration of financial literacy.

The overseas work on financial literacy is not always relevant for Australian purposes, as financial products differ substantially between countries.

7.5.3 Targeting

Some expert input from selected vulnerable groups would be useful - especially from NESB populations. The lack of targeted information came through starkly in the stocktake.

This report did not include detailed consideration of the issues faced by particular classes of consumers. This report did, however, note that targeting was important, and that targeted information was of a higher quality than “one size fits all” information.

Further research on targeting will also assist education providers.

7.5.4 Media

This report did not consider the role of consumer education through the media. However, it is clear that the media play an important role in the provision of information on some types of financial services (notably direct share ownership) that is not provided elsewhere.

Further research on the role of the media in consumer education in financial services might concentrate on the themes of accuracy and independence.

One limited survey of the role of media in consumer education was conducted by Louise Bourke in 1996. That study only looked at rural and remote communities. It asked respondents to list their preferred sources of consumer information, and found that newspapers and magazines were the most popular source. Television and radio were moderately popular. Pamphlets with bills were surprisingly unpopular with just 29% support.⁴²

⁴² Full analysis available in Consumer Affairs Division, “The Consumer Education Needs of Rural and Remote Australians”, Canberra 1997 at p. 37

7.5.5 Formal Education Courses

This report did not consider formal courses, for reasons explained in Section 3 of the report.

Informal courses were also unable to be covered in this report due to time and resource restraints. However, they appear to be an important aspect of consumer education in financial services, requiring further exploration.

In addition, recent research in the US has indicated that the provision of education in the workplace may be an important field, especially in relation to retirement planning⁴³. This does not appear to have been the subject of consideration in Australia.

⁴³ Bernheim and Garrett, “The determinants and consequences of financial education in the workplace: Evidence from a survey of households”, National Bureau of Economic Research (US), Cambridge MA 1996.

8. Useful References

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Poterba and Wise, "Individual financial decisions in retirement savings plans and the provision of resources for retirement", National Bureau of Economic Research (US), Cambridge MA 1996.

United Kingdom Office of Fair Trading: "Report of the Director General Inquiry Into Banking", London 1997.

9. Case Studies

Case Study 1.

Australian Associated Motor Insurers Limited (AAMI)

AAMI's 'plain language' home and car policies explanatory booklets are well designed and attractive, and the large print size is a bonus. They are essentially about promoting AAMI products, but they do appear to explain what is and is not covered well.

AAMI has also funded a series of "How to" consumer education booklets that were developed by the Consumer Law Centre (Victoria). These are detailed guides which are unlikely to appeal to the casual reader, but they do contain much valuable independent information. A different format might widen their appeal.

The brochure *What to do when you are not at fault in an accident* is a handy guide to assisting AAMI policy holders involved in car accidents. The series of helpful hints throughout the brochure is useful, as is the *Q&A section* and the *Witness Inquiry Form*. Unlike other brochures this one asks for comments to help improve the style and content of the guide. However, there is no date indicating when the brochure was printed.

Case Study 2.

Credit Union Services Corporation Australia Limited (CUSCAL)

CUSCAL is the peak Credit Union industry association. CUSCAL has produced an extensive range of consumer education resources about banking and finance. While some are primarily promotional, detailing the benefits of joining a Credit Union, many also contain clear, accurate and helpful general information about banking and finance, with many focusing on consumer credit and debt issues.

Money - Getting Started is a book targeted at money management and banking skills for people with intellectual disabilities. The book, in very large print, was developed with the assistance of the target group. The use of symbols, clear and plain language and realistic photographs all add to the usefulness of this book to its target audience.

The text could also be useful to other sections of the population who lack confidence in money management and banking.

CUSCAL has also produced a series of six consumer education booklets. They are of high quality and look to be clear and well written. It is unclear how widely available these are, even though they are available at libraries. The cost of \$19.95 for the set may be a barrier for some consumers.

The internet site contains a resource for teachers of commerce and related disciplines aimed at years 8, 9, and 10. It covers budgeting, savings, spending and superannuation and, of course, credit unions.

Case Study 3.

Financial Services Complaints Resolution Scheme

Promotion of the scheme by the brochure is by an A4 leaflet folded in 3. While this brochure contains useful and accurate information about the parameters of the scheme and the disputes process, the brochure itself is not particularly appealing or attractive to potential users. On a positive note, unlike many other brochures, the FSCRS leaflet does include the date of printing. Some of the brochure may be difficult to read for some consumers with sight difficulties due to the small font size and glossy paper. This is a major concern, given the profile of people who use financial planners and the fact that the majority of people over 65 have at least some sight impairment.

A useful list of other helpful telephone numbers appears at the end of the brochure.

The FSCRS website includes accurate information about how the scheme operates and the steps to be followed if a dispute arises. The site hosts an interactive movie tour to help people determine if they can be assisted by the FSCRS.

An example of a case that has been adjudicated is included on the site. Unfortunately, the language used here is a bit 'legalese' and technical. Some simplification here may be useful in improving consumer understanding of how the scheme operates, as would more case studies.

Case Study 4.

Commonwealth Bank of Australia

The Commonwealth Bank of Australia (CBA) is one of the country's largest banks, and due to its prior Government ownership, has large numbers of pensioner and low income customers.

Material available from the Commonwealth Bank is a mixture of information, education and promotion of financial products and services offered by the bank. Two of the materials provided can be regarded as primarily consumer education, rather than promotion of CBA products.

The Commonwealth Bank has focused its consumer education efforts on older customers and undertaken a range of initiatives to help older people to feel more comfortable with electronic banking.

We'll show you how to save money on your day to day banking is a large print brochure for older people outlining account options and strategies for saving money on fees or eliminating them altogether, as well as explaining the CBA's fee structure. It is not available in branches, but made available on request, to retired customers who contact the bank, to seminars and seniors organisations and at stalls during Seniors' Weeks across Australia.

The short video *Banking with Harry* seeks to inform older people about electronic banking, focusing on using ATMs. The video may not have great appeal or be particularly helpful for the many older people who have significant concerns about using ATMs. However, a just released version of the video - *Banking with Helen - Self-Service Banking Made Easy* includes an expanded section on phone banking and the use of EFTPOS, and takes into account the issues raised above and other feedback from pensioner groups. The CBA has written to around 4000 older persons groups offering a speaker on banking issues and to date, 600 groups have taken up this offer.

Case Study 5.

Investment and Financial Services Association (IFSA)

IFSA is a non-profit peak industry organisation whose members provide managed investments, superannuation, life insurance and other financial products. IFSA has produced a series of fact sheets and two short booklets on managed investments, which are part of a public awareness campaign to improve consumer understanding of the benefits of managed investment.

One of the booklets is clearly primarily promotion of the industry's services and products. The booklet *Managed Investments - Your key to investment success*, outlines on a fairly basic level the benefits of managed investments, how managed investments work and importantly, the issue of risk. The text is clear and technical terms are avoided. The size of the font would pose considerable difficulties for large numbers of consumers and some of the tables, in particular, would prove impossible to read for many older people.

A series of attractive fact sheets, *Unlocking the Industry's Potential* offer an expanded and more comprehensive examination of these issues as well as fees, charges and diversification. While the brochures are larger than the booklets and are clearly written, the size of font might still make these brochures inaccessible to some older people.

IFSA is also in the early stages of developing a public education campaign to improve consumer understanding and awareness of life insurance and risk products. IFSA is currently constructing a website. Although the website will be designed primarily for members, it will also provide general information on IFSA and on their activities relevant to consumers.

Case Study 6.

Ministry of Fair Trading (WA)

This case study is a good example of an agency dealing proactively with a developing consumer issue.

Most of the Ministry of Fair Trading's consumer education materials are on their website, rather than in printed form. However they do have four printed factsheets on credit and small claims matters.

The website contains *Get Real - Get Smart, the get it together guide to being a smart consumer*, which contains a range of useful tips, mostly related to fair trading matters but also covers some basic information on budgeting and a very brief mention of tips when taking out a loan.

They are planning a publication designed to assist consumers who are engaging a finance broker to assist them with a mortgage investment. It is due out in 1999.

Case Study 7.

Campbelltown Legal Centre

This case study is a good illustration of the depth of material available on credit and debt issues, in contrast to the issues identified as “poor” in this report.

The Centre has written *A Debtors Guide To Local Courts*, Redfern Legal Centre Publishing (1998).

It is a comprehensive guide to understanding the debt recovery process, to your rights and options, which includes details of where to obtain additional help. The absence of legal jargon makes this book very readable and the subject matter is clearly explained. The use of boxes on most pages to highlight major points and the effective use of graphics help the novice reader through the topic.

An extensive glossary and sample forms, together with a comprehensive list of contacts, is particularly useful. The inclusion of sample paragraphs for inclusion in letters to courts and solicitors is also positive and would assist consumers experiencing finance and debt problems.

Case Study 8.

Centrelink’s Financial Information Service (FIS)

Centrelink’s Financial Information Service (FIS) delivers services on behalf of the Department of Family and Community Services. A wide range of publications are available on the Centrelink Internet site and in printed form. Major publications include:

Investing Money - Your Choices (1997)

This free, comprehensive guide to investing and various investment options and products was produced in cooperation with the National Information Centre on Retirement Investments. Topics that are handled well include choosing and paying for a financial planner, taxation issues, deeming, as well as investment tips, a guide to investing with safety and a list of sources of other information on investment issues.

The independence of the authors from the advisory industry, the clear layout and realistic portrayals of older people, as well as the comprehensive glossary at the end and the general absence of jargon add to the appeal of this publication. Over 300,000 copies of this edition have been distributed to retirees and those approaching retirement. An updated edition was printed in 1999

What to do when someone dies (1998)

A handy, readable guide to the help available when a partner dies. It contains useful information about wills, funerals, organising finances, and other support services available to help to both prepare and cope with bereavement.

Securing Your Future - FIS - a service to help all Australians plan for a better future (1998).

A clear, useful booklet outlining services available from Centrelink’s free, independent and confidential Financial Information Service. This publication is aimed at assisting ‘baby boomers’ to plan their retirement incomes more successfully. Along with a series of nation-wide information seminars, the

booklet is part of Centrelink's outreach to people approaching retirement. However, like some other Centrelink publications it could point a little more clearly to the role of ASIC and dispute resolution bodies in the finance sector.

Age Pension News (ongoing)

This paper is free and produced four times a year and sent to 1.6 million age pensioners as well as service pensioners and war widows. For many older people, *Age Pension News* is the only source of information that keeps them up to date about pension rates and eligibility as well as changes in Government policy. Plans have been announced to make the paper available to up to 220,000 older people living off savings, investments and superannuation.

Recently published in a magazine format after an extensive evaluation, the December 1998 issue contained many improvements over previous editions and included information on complaints schemes in the financial services area. An expanded pension rates chart clearly detailing how payments are calculated was particularly useful.

The larger font size means that this magazine is very accessible to older people. However, financial constraints resulted in this edition being printed on glossy paper which unfortunately made it difficult to read for some older people - a problem that is due to be corrected in future editions. *Age Pension News* is available in over 20 community languages, although in practice Centrelink has found it difficult to make sure they reach their audience.

10 List of Participants

Community Organisations

Anglicare Financial Counseling Service
Association of Independent Retirees
Association of Self Help Organisations
Australian Consumers' Association
Australian Council of Social Services
Australian Investors' Association
Australian Pensioners' and Superannuants' Federation
Australian Shareholders' Association
Banyule Community Health Service
Benevolent Society of NSW
CARE Inc
Carlton/Fitzroy Financial Counseling Service
Consumer Credit Legal Centre NSW
Consumer Credit Legal Service (VIC)
Consumer Credit legal Service (WA)
Consumer Law Centre (VIC)
Consumers International
Council on the Ageing
Council of Social Services NSW
Credit Helpline
Darwin Community Legal Service
Financial and Consumer Rights Council Inc.
Financial Counseling and Information Service
Financial Counsellors Association of NSW
Financial Counsellors Resource Project
Financial Services Consumer Policy Centre
Family Mediation Centre
Good Shepherd Youth and Family Service
Lifeline Financial Counseling Service
National Information Centre on Retirement Incomes
NSW Association of Rural Financial Counseling Groups
NSW Women's Advisory Council
Redfern Legal Centre
South Australian Council of Social Service
South Australian Financial Counsellors Association
Sydney Credit Line
The Smith Family
Victorian Council of Social Service
Women's Legal Resource Group
Welfare Rights Centre

Complaints Schemes

Australian Banking Industry Ombudsman
Credit Union Dispute Reference Centre
Credit Union EFT Arbitrator
Financial Services Complaints Referral Service
Financial Services Complaints Resolution Scheme
Insurance Brokers Dispute Resolution Facility
Insurance Enquiries and Complaints Limited
Life Insurance Complaints Service
Private Health Insurance Ombudsman
Superannuation Complaints Tribunal
Telecommunications Industry Ombudsman

Consultants

AFP Custom Communications
Cannex

Education

Adult Education Research and Information Service
Business Law Education Company
Centre for Economic Education
Centre for Electronic Commerce
Investment Training College
Language Australia
National Centre for Banking and Capital Markets
National Primary School Consumer Education Working Group

Fair Trading Agencies

Consumer Affairs Bureau (ACT)
Office of Consumer Affairs & Fair Trading (Tas)
Office of Consumer Affairs and Fair Trading (NT)
Queensland Office of Fair Trading (QLD)
Department of Fair Trading (NSW)
Department of Fair trading (WA)
Ministerial Council on Consumer Affairs
National Consumer Credit Code Group
Consumer Affairs Division - Treasury (Federal)
Office of Consumer and Business Affairs (SA)

Financial Services Companies

Adelaide Bank
AAMI Insurance
American Express International Inc.
AMP Financial Services
ANZ Banking Corporation
Aussie home Loans
AVCO Financial Services
Bankwest
Bendigo Bank
Bridges Personal Investment Services
BT Funds Management
Citibank
Coles Myer Finance Limited
Colonial Mutual
Colonial State Bank of NSW
Commonwealth Bank
Edvest
GE Capital Finance
Gemplus Technologies Australia
GIO Australia
Godfrey Weston Limited
Macquarie Bank Ltd
Macquarie Investment Management Limited
Mastercard International
Mondex Australia
National Australia Bank
NRMA Financial Services
Norwich Union Life Australia Limited
RAC Insurance Pty Ltd
RAMS Home Loans
Retireinvest Pty Ltd
St George Bank
Suncorp Metway Ltd
Telstra Corporation
The Portfolio Service
Visa International
Westpac Banking Corporation
Zurich Australia

Government Departments

Attorney General's Department (NSW)
AUSTRAC
Centrelink
Department for Women (NSW)

Department of Commerce and Trade (WA)
Human Rights and Equal Opportunity Commission
Legal Aid (ACT)
Legal Aid (NSW)
Office of Seniors Interest (WA)
Office of the Federal Privacy Commissioner
Women's Information & Referral Service (NSW)

Regulators

Australian Competition and Consumer Commission
Australian Financial Institutions Commission
Australian Prudential Regulation Authority
Australian Securities and Investments Commission
Australian Taxation Office
Reserve Bank of Australia

Industry Associations

Asia Pacific Smart Card Forum
Association of Superannuation Funds Australia
Australian Association of Permanent Building Societies
Australian Direct Marketing Association
Australian Bankers Association
Australian Finance Conference
Australian Institute of Banking and Finance
Australian Insurance Institute
Australian Stock Exchange
Credit Reference Australia
Credit Union Services Corporation Australia Ltd
CreditCare
Financial Planning Association of Australia Limited
Insurance Council of Australia
International Banks and Securities Association
Internet Industry Association
Investment and Financial Services Association
Law Society of NSW
Mortgage Industry Association of Australia
National Finance Industry Training Advisory Body
Securities Institute of Australia
Society of Consumer Affairs Professionals
Sydney Futures Exchange Ltd

11 Sample Database Entry

The following is a sample “screen shot” of a database entry. The page layout of this sample has been slightly modified for the purposes of inclusion in this report.

Stocktake of Consumer Education in Financial Services

Stocktake	Yes	No	Organisation	
Contact Name	Title	Given Name	Surname	
Position				
Address 1				
Address 2				
Suburb			State	
Postcode		Country		
Telephone 1		Facsimile		
Email				
Website				
Category	Regulator Government Dept Fair Trading Agency Education Institution		Community Organisation Financial Services Industry Industry Association Complaints Scheme	
			Consultant Other	
Publications 1			▲ Publication Type	Topic
			▼	
2			▲	
			▼	
3			▲	
			▼	
4			▲	
			▼	
Website Content				▲
				▼
More Publications 5			▲ Publication Type	Topic
			▼	
6			▲	
			▼	
7			▲	
			▼	
8			▲	
			▼	

[Return to top of document](#)

12 About the Centre

The Financial Services Consumer Policy Centre is a non-profit consumer research and advocacy organisation. We are a national body with an office in Sydney.

The Centre's mission statement is:

"The Centre will become an ongoing organisation conducting policy research and advocacy on national issues affecting low income and disadvantaged consumers of financial services."

The Centre was established by the Financial Services Network as an Incorporated Association in early 1998. The Centre's initial funding comes from a grant from the National Consumer Trust Fund. We conduct projects which are relevant to the needs of low income and disadvantaged consumers, and which have the potential to help produce pro-consumer changes in the financial marketplace.

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