



ASIC

Australian Securities & Investments Commission

ASIC's National Financial Literacy Strategy

*A speech by Greg Medcraft, Chairman,
Australian Securities and Investments Commission*

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CHECK AGAINST DELIVERY

Introduction

It is a pleasure to be here to talk to you today about the work being done to improve the financial capabilities of all Australians. I am confident that this area is important to your constituents as they tackle the daily challenges of managing and making the most of their money. There may even be things we talk about today that you can use personally.

Improving the financial capability of investors and consumers is a key piece of ASIC's toolkit. It complements our regulatory activities by empowering investors and consumers to have greater confidence and to make good financial decisions.

Interestingly, recent research coming out of the United Kingdom has estimated that improvements to financial capability in the broader population would lead to economic gains in the United Kingdom with a present value of £108 billion over 30 years.¹

This modelling illustrates the significant impact that investing in financial capability could have. And it supports ASIC's vision: to allow markets to fund the economy and, in turn, economic growth – in doing so, contributing to the financial well-being of all Australians.

ASIC delivers a comprehensive financial literacy program to build capability. In fact going forward we propose to shift our narrative from 'financial literacy' to 'financial capability' because it is about what people do, not just what they know.

¹ Europe Economics, '[The Economic Impact of Improved Financial Capability](#)', report, 4 November 2016, p. 3.

ASIC's program includes three key areas:

- leading the National Financial Literacy Strategy with the support and guidance of the Australian Government Financial Literacy Board, in line with international best practice
- providing impartial and trusted financial guidance and tools to support informed financial decision-making for all Australians predominately through ASIC's MoneySmart website
- delivering ASIC's MoneySmart Teaching program to support financial literacy in the formal education sector.

I will touch briefly on each of these areas.

National Financial Literacy Strategy

Australia's current [National Financial Literacy Strategy](#) provides direction and a practical framework to guide all those with a role to play in improving the financial literacy of Australians.

The Highlights Report launched today by the Minister tells a story of strong commitment through the collective efforts from government, business, community and education sectors. I am encouraged by the richness and diversity of the activity outlined in the report. The report is full of good news stories and is quite inspirational actually.

A number of initiatives are focused on audiences that may face particular challenges or experience circumstances that make them vulnerable. For example, one initiative that jumped out at me was the [First Nations Foundation](#), which supports Indigenous Australians to manage their money in way that is meaningful to them, respecting individual experience and culture.

Another example is the [MoneyMinded](#) program aimed at developing people's money skills, knowledge and confidence. MoneyMinded, developed by ANZ with a number of community organisations, has had an estimated 42,000 participants last year, and over 95% of participants reported that they felt confident about making financial decisions after completing the program.

You will find many more encouraging examples in the report of strong collaboration across sectors. Some of them within your electorate, and all of them delivering better financial outcomes for Australians under the National Strategy.

ASIC's MoneySmart website

Some of you – in fact I would hope all of you – would be familiar with [ASIC's MoneySmart](#) website that supports and assists Australians with all aspects of their finances, whether it be:

- managing the weekly budget
- saving up for – and then paying off a home
- getting the right insurance in case of disaster, or
- planning to have enough in retirement.

As noted by the Minister, last financial year there were 6.1 million unique visitors to ASIC's MoneySmart.

This demonstrates a strong demand in the community for independent and trusted financial guidance, something our research tells us consistently. And this demand has grown exponentially since we first launched the service in 2011.

This is not all that surprising in a financial environment characterised by compulsory super, longer life expectancy, ready access to credit and other factors, all giving rise to important financial decisions and choices that all Australians have to make in life.

First Business App

Financial capability skills are critical in both personal and employment circumstances. And today, I am excited to launch our new [First Business app](#).

MoneySmart First Business is a good example of government identifying and responding to the needs of consumers, specifically young people looking to start a business. It is a great resource developed by ASIC in collaboration with the ATO that provides tips, prompts, things to consider, checklists and links to additional information on small business, which generates 70–80% of jobs.

I would encourage you all to download the app and familiarise yourself with it as it would no doubt come in handy in discussions you may have with young entrepreneurs in your electorate.

And this is just one of several MoneySmart tools that speak to the real needs of Australian consumers.

ASIC's MoneySmart Teaching program

We know that attitudes and habits towards money are formed early in life. And the consequences for a young person in making a poor financial decision can haunt them for a long time afterwards.

ASIC's MoneySmart Teaching program provides quality teaching resources and professional development for teachers to build their confidence and capability in teaching financial literacy in the classroom, with the potential to impact thousands of children and their families over time.

We know that kids like to learn about money and want their learning to be meaningful, developing skills they can apply outside the classroom in the real world.

In your folders, there is a handout that provides details on how many schools by electorate have engaged with some aspect of the program. While over 50% of schools around the country have engaged with our resources, we know these are just the first steps on a long journey to integrate the program into school communities, and reach all schools across the nation.

One of the initiatives we have underway to build on our work with schools includes developing an Indigenous Learning Framework that considers the cultural context of money management in Indigenous communities.

We are also working closely with tertiary students, developing key messages around student loans and building capacity in university students studying to be teachers – to help them be better prepared for the classroom.

Conclusion

I believe that improving financial capabilities of Australians is meaningful and worth pursuing and we consider it as one of our five key long-term challenges at ASIC. The return on investment is the positive impact these critical life skills can have on the wellbeing of individuals, families and our communities.

There is still more we need to do.

Demographic and technological changes, coupled with Australia's constantly evolving financial services market and government reforms, mean the need and opportunity to support and assist Australian consumers to get the best financial outcomes possible have never been greater.

In the coming months, we will be consulting broadly on setting the direction of the National Strategy for 2018 and beyond. We welcome your engagement in this process and will seek your views via a public consultation later in the year.

As Chairman of ASIC, I'd like to echo the Minister's thanks to the members of the Australian Government Financial Literacy Board, many of whom are here today.

In conclusion, I would like to show you a short highlights video, which has been specifically developed for this breakfast.

Please enjoy the video and the rest of the breakfast.