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Note: For ASIC purposes, this is ASIC Report 403.
It is available on the ASIC website at www.asic.gov.au/reports
Foreword

Being able to confidently navigate the financial landscape and make good decisions about money are core life skills every Australian needs.

Improved financial literacy can benefit anyone, regardless of age or income. Being able to make the most of your money, manage financial risks and avoid financial pitfalls can have a positive impact on the financial wellbeing of individuals, families and communities.

The Australian Securities and Investments Commission (ASIC) has national responsibility for co-ordinating financial literacy and works closely with the Australian Government Financial Literacy Board.

In 2011, ASIC published the first National Financial Literacy Strategy (2011 Strategy) to promote a collaborative approach to improving the financial wellbeing of Australians.


The 2014–17 Strategy has been developed in consultation with stakeholders and is informed by the substantial research and knowledge base built up over the past decade as well as international best practice guidelines. It articulates five strategic priorities and identifies key actions to support these.

While considerable progress has already been made, bringing about a significant change in Australians’ financial literacy levels is a long-term journey – one that will take at least a generation.

I trust the 2014–17 Strategy will help support greater financial literacy in the Australian community.

The Hon Steven Ciobo MP
Parliamentary Secretary to the Treasurer
2014–17 Strategy: An overview

The 2014–17 Strategy aims to improve the financial wellbeing of Australians by advancing their financial literacy.

About the Strategy

The Australian Securities and Investments Commission (ASIC) is the Australian Government agency with lead responsibility for financial literacy. ASIC is committed to raising awareness of financial literacy and its benefits and creating opportunities for Australians of all ages and backgrounds to increase their understanding of financial issues and make the most of their money.

This financial literacy work is a key component of ASIC’s regulatory role to promote confident and informed participation by consumers and investors in financial services and markets.

In 2011, ASIC published the first National Financial Literacy Strategy (2011 Strategy) to promote a collaborative approach to improving the financial wellbeing of Australians. Since that time, there have been many developments, both in financial literacy and in understanding community needs.


The development of the National Financial Literacy Strategy 2014–17 (2014–17 Strategy) was informed by input from key stakeholders, advice from the Australian Government Financial Literacy Board, and relevant research and international good practice guidelines.

Core principles

The 2014–17 Strategy is underpinned by the following core principles:

- **Shared responsibility:** Improving financial literacy is a shared responsibility across the Australian government, business, community and education sectors.
- **Engagement and effectiveness:** An approach tailored to life stage or personal circumstances can help motivate Australians to build financial literacy and manage their money effectively.
- **Encouragement of good practice:** Open sharing of knowledge about lessons learned from financial literacy initiatives contributes to improving evaluation and measurement capability and practice.
- **Diversity and inclusiveness:** Programs and information, tools and resources must be delivered in an accessible form, recognising the different ways people learn, so that all Australians can participate.

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2 Key elements of the 2011 Strategy included using formal education pathways, providing trusted and independent information, recognising the limits of education and information and developing innovative solutions to change behaviour, and working in partnership and promoting best practice.
5 For links to good practice documents and guidelines, including for financial education in schools, see www.oecd.org/finance/financial-education/nationalstrategiesforfinancialeducation.htm.
Strategic priorities and core actions

Improving financial literacy is a long-term behavioural change initiative. A multi-faceted approach and sustained action by multiple stakeholders over time is integral to bringing about gradual improvement, as is continuing to learn from evaluations of programs and the growing body of research on the myriad influences that affect financial decision-making.

The 2013 Stocktake Survey identified a wide range of financial literacy initiatives being conducted around Australia, with a significant degree of cross-sectoral collaboration. The 2014–17 Strategy aims to leverage this collective activity to extend reach and effectiveness through five strategic priorities: see Figure 1.

The first three strategic priorities focus on building the capacity of individuals, families and communities. The other two provide direction to organisations involved in financial literacy research, policy development and program delivery.

Core actions and key indicators of progress under each strategic priority are summarised in the action plan on pages 4–5, which is intended to guide the efforts of all stakeholders with an interest in this area. See page 18–32 for more detail about each strategic priority.

Figure 1: Strategic priorities 2014–17

<table>
<thead>
<tr>
<th>Individuals, families and communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Educate the next generation, particularly through the formal education system</td>
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<tr>
<td>2. Increase the use of free, impartial information, tools and resources</td>
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<td>3. Provide quality targeted guidance and support</td>
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<table>
<thead>
<tr>
<th>Policy and program development</th>
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</thead>
<tbody>
<tr>
<td>4. Strengthen co-ordination and effective partnerships</td>
</tr>
<tr>
<td>5. Improve research, measurement and evaluation</td>
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</table>
### Action plan

**VISION:** Improve the financial wellbeing of Australians by advancing their financial literacy

#### STRATEGIC PRIORITIES

<table>
<thead>
<tr>
<th>Individuals, families and communities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong> Educate the next generation, particularly through the formal education system</td>
</tr>
<tr>
<td><strong>2.</strong> Increase the use of free, impartial information, tools and resources</td>
</tr>
<tr>
<td><strong>3.</strong> Provide quality targeted guidance and support</td>
</tr>
</tbody>
</table>

#### CORE ACTIONS

| 1.1 Continue to promote a curriculum-based approach to teaching financial literacy in schools |
| 1.2 Increase the number of teachers trained through ASIC’s MoneySmart Teaching professional learning program |
| 1.3 Develop resources for teachers and students with a key focus on the Australian Curriculum for Economics and Business |
| 1.4 Increase the engagement and confidence of teachers to teach consumer and financial literacy through the Australian Curriculum |
| 1.5 Increase the number of vocational education and training (VET) students participating in financial literacy education |
| 2.1 Continue to enhance ASIC’s MoneySmart as a core resource for the Australian population |
| 2.2 Increase the number of people accessing MoneySmart and other free, impartial sources of information, tools and resources, including for example: |
| 2.3 Promote workplace-based financial literacy programs |
| 3.1 Foster good practice in programs and services providing targeted guidance and support, particularly to disadvantaged and/or vulnerable groups |
| 3.2 Improve targeted guidance and support to better meet the needs of Indigenous people and communities |
| 3.3 Build the capacity of intermediaries who deliver financial literacy programs to disadvantaged and/or vulnerable individuals, families and communities |

#### KEY INDICATORS

- Number of schools engaging in financial literacy education
- Number of teachers participating in ASIC’s MoneySmart Teaching professional learning program
- Number of VET students participating in financial literacy education
- Number of people accessing ASIC’s MoneySmart website and print materials
- Number of people accessing other free, impartial sources of information, tools and resources
- Outcomes of research studies and evaluations show changes in financial wellbeing
- Number of people assisted by national targeted guidance and support programs
- Feedback from intermediaries about guidance and support provided
- Outcomes of research studies and evaluations show changes in financial wellbeing
**VISION:** Improve the financial well-being of Australians by advancing their financial literacy

### STRATEGIC PRIORITIES

<table>
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<tr>
<th>Policy and program development</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Strengthen co-ordination and effective partnerships</td>
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</tbody>
</table>

#### CORE ACTIONS

| 4.1 Facilitate implementation of the 2014–17 Strategy action plan | 5.1 Participate in relevant international research |
| 4.2 Improve co-ordination between relevant government-funded programs and service providers | 5.2 Conduct national research to contribute to the understanding of Australians’ financial literacy levels, and the influencing factors |
| 4.3 Increase opportunities to build links and share good practice within and across sectors, nationally and internationally | 5.3 Increase access to tools and resources to support good practice in evaluation |
| 5.4 Foster good practice by increasing access to experts in the field and sharing what works | 5.5 Foster research on enhancing the effectiveness and impact of financial literacy programs |

#### KEY INDICATORS

- Enhanced co-operation and partnership between relevant government departments
- Feedback from members of ASIC’s national Financial Literacy Community of Practice network
- Feedback from attendees at national forums and workshops
- ANZ Survey of Adult Financial Literacy in Australia
- Number of financial literacy programs being evaluated
- Feedback from financial literacy stakeholders on opportunities to share information and recognize good practice
The increasing importance of financial literacy

Over the past decade, particularly since the global financial crisis, financial literacy has gained prominence on the policy agendas of most world economies, with many identifying it as an important complement to financial market regulation, consumer protection and financial inclusion policies.6

According to the Organisation for Economic Co-operation and Development (OECD), factors contributing to this prominence include:

- the growing variety and complexity of financial products available and rapid evolution of financial markets
- the transfer of a broad range of financial risks to consumers and investors
- the rising number of active consumers and investors in the financial sphere, and
- the limited ability of regulation alone to efficiently protect consumers and investors.7

Around 50 economies worldwide are currently considering, designing or have implemented national strategies on financial education.8 Australia is regarded as a leading player in the financial literacy field and plays an active role in contributing to relevant international financial literacy forums.

What is financial literacy?

Financial literacy is an essential everyday life skill. It means being able to understand and negotiate the financial landscape, manage money and financial risks effectively and responsibly, and pursue and attain financial and lifestyle goals.

Because financial literacy is a relatively new area, alternative definitions exist and continue to be refined. Feedback from the 2013 Consultation process revealed that most stakeholders agreed that the definition used in the 2011 Strategy needed to be updated.

In particular, stakeholders expressed the view that the revised definition should acknowledge the role personal circumstances and context play in shaping attitudes and behaviours, and should reflect the fact that building financial literacy and wellbeing is a dynamic and ongoing process.

Therefore, for the purposes of the 2014–17 Strategy, financial literacy is defined as follows:

Financial literacy is a combination of financial knowledge, skills, attitudes and behaviours necessary to make sound financial decisions, based on personal circumstances, to improve financial wellbeing.

This definition draws on the definition used by the OECD International Network on Financial Education (INFE) in their High level principles on national strategies for financial education,9 as well as taking into account the views of Australian stakeholders.

Financial literacy is a key contributor to improving financial wellbeing. However, it must be supported by other complementary factors which lie outside the scope of the 2014–17 Strategy.

Depending on circumstances, these factors may include financial inclusion, access to suitable financial products, and appropriate consumer protection and financial services regulation to ensure fair and efficient financial markets: see Figure 2.10

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7 OECD/INFE, High level principles on national strategies for financial education, Financial Literacy and Education, Russia Trust Fund, OECD, 2012,
9 The OECD/INFE definition is: ‘Financial literacy is a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.’
10 ASIC, Review of the National Financial Literacy Strategy: Background report (REP 339), 2013,
I thought I knew how to manage my money until I attended a financial literacy seminar run by Defence. I suddenly realised how many small mistakes I was making that were costing me a fortune. They gave me great tips and information and were able to answer all my questions which made it a really valuable experience. I now have my spending under control and have my money working for me. I recommend all the young ADF members to go to the seminars.’

About the Australian Defence Force (ADF) program

The ADF provides independent personal financial education to its 90,000 members and their families, from initial recruitment into the Navy, Army or Air Force to the day of their retirement. This education is centred around simple programs on budgeting, debt, risk, investing, insurance and superannuation. The programs are designed by financial experts and are delivered at workplaces throughout Australia by local staff and online (see www.adfconsumer.gov.au).11

11 The ADF’s programs published online are freely available to be used and adapted by other organisations, both large and small.
Influencing decision-making behaviour through financial literacy

Improving financial literacy facilitates and supports individuals, families and communities to progressively achieve greater financial security and independence.

Financial decisions, like many life decisions, are complex and contextual. The growing body of consumer and investor research, including behavioural economics, suggests that the way people approach financial decisions varies widely and is influenced by a range of shifting and sometimes conflicting factors.

As well as personal knowledge and skill, this includes:
- life stage and past experiences
- emotional impulses and cognitive biases
- psychological, social and cultural factors
- the ‘framing’ of information (the context or way it is presented), and
- other external environmental factors: see Figure 3.12

Figure 3: Influences on financial decision-making

12 Money Advice Service (UK), The financial capability of the UK, 2013; H Shefrin, Born to spend? How nature and nurture impact spending and borrowing habits, Leavey School of Business at the Santa Clara University for Chase Blueprint, 2013; M Glaser & T Walther, Run, walk or buy? Financial literacy, dual-process theory, and investment behaviour, working paper, Social Science Research Network, October 2013; D Prelec & D Simester, Always leave home without it: A further investigation of the credit card effect on willingness to pay, journal article, Market Letters, December 2001; ASIC, Financial literacy and behavioural change (REP 230), 2011.
Insights from behavioural and social marketing research suggest ways to positively influence financial decision-making. Applicable examples include:

- **Promoting single-step, action-oriented behaviours**: These are most likely to engage people who are contemplating change or ready to make a decision.
- **Addressing known barriers to decision-making**: This is particularly significant when considering the needs of target groups.
- **Providing immediate benefits to consumers**: Immediate benefits are easier to relate to than more abstract long term benefits.
- **Providing information at the point of decision-making**: There is greater potential for learning at this time and new behaviour is more likely to be put into practice.

Recognising the importance of contextual factors and personal attributes, many countries, including Australia, take a tailored or life-stage approach to influencing financial decision-making behaviour. This means providing appropriate information and support in the right way at the right time to solve an immediate problem or inform a financial decision.

Over time, these interactions or ‘teachable moments’ may open the door for other learning and skill development, building on individual strengths and decision-making experiences, and expanding knowledge and capability. This can help people increase their personal resilience, so they are better able to avoid financial crisis or stress, and develop greater capacity to rebound from financial problems.

**Flow-on effects to the broader economy**

Improving the financial literacy of Australians has a beneficial flow-on effect to the broader economy, increasing levels of enterprising financial behaviour and greater participation in financial services and markets by confident and informed consumers and investors.

Financially literate consumers and investors are more likely to make effective financial decisions and less likely to choose unsuitable products and services. Strengthening the ‘demand’ side of the market contributes to a sustainable business for financial service providers and helps reduce the incidence of poor consumer outcomes.

A base of financially literate consumers and investors, in combination with efficient financial markets, also potentially reduces the degree of regulatory intervention required.

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A catalyst for behaviour change

Donna joined the Saver Plus program in 2006 through The Benevolent Society. She had separated from her husband, and with two boys to raise she was worried about making ends meet.

The MoneyMinded financial education workshops ‘turned the lights on’ for Donna. She found new ways to save money, pay off debt and earn a regular income. By the end of the program, Donna had her own cleaning business and was even doing her own record-keeping.

‘For the first time in years I didn’t feel overwhelmed by financial stress. We set a savings goal to get a computer for my son. With the matched funds from ANZ it was no time before he was working on his own computer.’

Like Donna, many participants say the boost in confidence and self-esteem that came with getting control of their finances and achieving their savings goals was the most rewarding aspect of the program. Since participating in the program, Donna has continued to save. She has built a financially secure life for herself and her family.

‘The way I live my life now is so different to the way I used to live before the program – I know I’ve always got savings, no matter what. It changed the way I thought about money.’

About the Saver Plus program

Saver Plus is Australia’s first and largest matched savings and financial education program. Since it began in 2003, Saver Plus has supported over 20,000 lower income Australians to build a lasting savings habit by strengthening their financial skills, knowledge and confidence.

As part of the program, participants receive:

- one dollar from ANZ in matched savings for every one dollar they save, up to a maximum of $500
- free MoneyMinded financial education, and
- personal support and guidance from a trusted community organisation.

Saver Plus is an initiative of Brotherhood of St Laurence and ANZ, delivered in partnership with Berry Street, The Benevolent Society, The Smith Family and other local community agencies. The program is funded by ANZ and the Australian Government, with ANZ providing matched savings for participants (see www.bsl.org.au/Saver-Plus.aspx).
Financial literacy in the Australian context

After the global financial crisis, many Australians are making financial decisions in a continuing atmosphere of relative economic uncertainty.\(^\text{16}\)

Financial counsellors and community workers advise that, for some people, even a small change in circumstances may cause financial difficulty, making it important to stay on top of debt, avoid unsuitable financial products and build a protective buffer of savings.\(^\text{17}\)

Since the release of the 2011 Strategy, there have been rapid changes in technology and an increasing shift towards delivery of financial products and services through online and mobile platforms.\(^\text{18}\)

This presents both opportunities and challenges for consumers, investors and service providers.

Financial products and markets are growing in complexity, as is the volume and range of information intended to aid or influence consumer decisions. For some, this can make it harder to assess the validity of information and may result in a feeling of being overwhelmed by too many choices.\(^\text{19}\)

Greater complexity may increase the likelihood that some retail investors could have insufficient understanding of the risks associated with different products to enable them to make informed investment decisions.\(^\text{20}\)

Time pressures and over- or under-confidence may also cause consumers to disengage from the process of decision-making or make rushed, poorly thought-out choices.\(^\text{21}\)

Behavioural indicators

Research tells us that Australians have differing attitudes to money and varying levels of financial knowledge and proficiency.\(^\text{22}\)

People may perform well on some aspects of financial literacy but poorly on others.\(^\text{23}\)

The latest report on Australians’ financial literacy, the 2011 ANZ Survey of Adult Financial Literacy in Australia (ANZ Survey), is the fourth in a series of national snapshots conducted by the ANZ Banking Group since 2003.\(^\text{24}\)

The 2011 ANZ Survey identifies five behavioural indicators of financial literacy:\(^\text{25}\)

- **Keeping track of finances**: including monitoring account statements and keeping track of household expenses
- **Planning ahead**: including checking and using insurance, retirement income planning and using financial advisers
- **Choosing financial products**: including understanding investment risk, and shopping around for financial products and services
- **Staying informed**: including the extent of use of financial information and tools, and
- **Financial control**: including control of general financial situation and debt, and ability to save money.

Many people underestimate the extent of their own knowledge gaps. So their behaviour, even in simple day-to-day money management, may not be consistent with how confident they are in their abilities. As discussed on page 8, individual financial decision-making behaviour may also be influenced by personal or environmental circumstances.

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17 ASIC, REP 374.
19 ASIC, REP 230.
21 ASIC, REP 230.
22 ASIC, REP 339.
24 ANZ, 2011; a total of 3,502 respondents aged 18 and over answered a series of core questions, with further questions targeted at particular subgroups.
25 ANZ, 2011.
Changes in financial literacy

Through ANZ Survey results, it is possible to observe changes in behaviour both before and after the global financial crisis. The 2011 ANZ Survey identified a number of positive behavioural changes since 2008:

- three quarters (77%) of those surveyed reported that they try to save regularly (the highest level to date)
- more people reported feeling in control of their financial situation (81%, up 4% from 2008)
- more people were aware of short-term fluctuations in investments (74%, up 7% from 2008), and
- people were more confident about knowing how to make an effective complaint against a financial institution (68%, up 5% from 2008), and more people said they would contact an industry ombudsman if they had trouble resolving an issue (46%, up 10% from 2008).

The 2011 ANZ Survey also highlighted a number of areas of behavioural vulnerability, particularly in keeping track of finances and planning ahead:

- one third (36%) found dealing with money stressful, even when things were going well
- one third (33%) found their superannuation statements difficult or very difficult to understand
- only one quarter (27%) were likely to consider the level of cover when renewing an insurance policy, and
- three quarters (73%) had not identified how much they’d need to live on when they retire.

Results of the 2011 ANZ Survey confirm the complex and variable nature of individual financial decision-making. A range of factors were found that may help explain differences in financial literacy levels, such as financial attitudes, age, financial knowledge and numeracy, household income, and education and occupation.

Survey results also suggest ways that programs can be more effective, for example by seeking to positively influence financial attitudes. This may be done by looking beyond information and content knowledge to ways of engaging people, building ‘self-efficacy’ (that is, self-confidence and a personal belief in the ability to make a difference to one’s personal financial situation), and lessening the stress that many feel when dealing with money.

Literacy, numeracy and problem-solving skills

According to a recent paper published by the Productivity Commission, adult literacy and numeracy skills contribute to an individual’s wellbeing. They are ‘central to social and economic participation’ and provide the basis for developing higher order knowledge and skills.

Recent research by the Australian Bureau of Statistics (ABS), for the Programme for the International Assessment of Adult Competencies, 2011–12, provides a useful profile of critical information-processing skills among the Australian adult population (aged 15–74).

The ABS research groups literacy and numeracy into six skill levels (where Below Level 1 is lowest and Level 5 is highest), and problem solving in technology-rich environments (PSTRE) into four skill levels (where Below Level 1 is lowest and Level 3 is highest).

The Productivity Commission’s analysis of these results highlights that many Australians have relatively low literacy and numeracy skills and this limits the range and type of tasks that they can do in comparison with those with relatively higher skills.

Groups with relatively low literacy and numeracy skills include: ‘people with low levels of education; older persons; people not working; and immigrants with a non-English speaking background’.

26 ASIC, REP 339.
27 ANZ, 2011.
28 ANZ, 2011.
29 ANZ, 2011.
30 ANZ, 2011.
33 The total number of persons aged 15–74 in the survey sample was 16.7 million: For all three domains, literacy, numeracy and PSTRE, a ‘missing’ category exists for respondents who did not receive a proficiency score because they did not answer sufficient questions in the background questionnaire.
34 Productivity Commission, 2014.
Figure 4: Proficiency of adult Australians in literacy skills, numeracy skills, and problem-solving in technology-rich environments (PSTRE) (ABS, 2013)

<table>
<thead>
<tr>
<th>Skill level</th>
<th>No.</th>
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<tr>
<td>Below Level 1</td>
<td>620,000</td>
<td>3.7%</td>
</tr>
<tr>
<td>Level 1</td>
<td>1.7M</td>
<td>10%</td>
</tr>
<tr>
<td>Level 2</td>
<td>5.0M</td>
<td>30%</td>
</tr>
<tr>
<td>Level 3</td>
<td>6.3M</td>
<td>38%</td>
</tr>
<tr>
<td>Level 4</td>
<td>2.4M</td>
<td>14%</td>
</tr>
<tr>
<td>Level 5</td>
<td>200,000</td>
<td>1.2%</td>
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<tr>
<th>Skill level</th>
<th>No.</th>
<th>%</th>
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<tr>
<td>Below Level 1</td>
<td>1.1M</td>
<td>6.5%</td>
</tr>
<tr>
<td>Level 1</td>
<td>2.5M</td>
<td>15%</td>
</tr>
<tr>
<td>Level 2</td>
<td>5.4M</td>
<td>32%</td>
</tr>
<tr>
<td>Level 3</td>
<td>5.2M</td>
<td>31%</td>
</tr>
<tr>
<td>Level 4</td>
<td>1.8M</td>
<td>11%</td>
</tr>
<tr>
<td>Level 5</td>
<td>230,000</td>
<td>1.4%</td>
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<tr>
<th>Skill level</th>
<th>No.</th>
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<tr>
<td>Not Classified</td>
<td>4.2M</td>
<td>25%</td>
</tr>
<tr>
<td>Below Level 1</td>
<td>2.2M</td>
<td>13%</td>
</tr>
<tr>
<td>Level 1</td>
<td>5.3M</td>
<td>31%</td>
</tr>
<tr>
<td>Level 2</td>
<td>4.1M</td>
<td>25%</td>
</tr>
<tr>
<td>Level 3</td>
<td>540,000</td>
<td>3.2%</td>
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Individuals with poorer skills in literacy, numeracy and problem solving in technology-rich environments may find it harder to comprehend and evaluate information. This could impact on their capacity to understand risks and make informed financial decisions, potentially making them more vulnerable to scams and other unscrupulous conduct.

More particularly, lower levels of literacy, numeracy or problem solving may present challenges across all the financial literacy behavioural indicators identified in the 2011 ANZ Survey (see page 11).

Examples of these challenges may include:
- **Keeping track of finances**: reading and understanding payslips or statements of benefit payments, monitoring bank or credit card statements, and checking charges on mobile phone or electricity bills
- **Planning ahead**: taking out insurance coverage, choosing and talking with a financial adviser, and making decisions about superannuation or retirement income options
- **Choosing financial products**: shopping around for the best deal on a credit card or personal loan, and reading and understanding a car loan application form
- **Staying informed**: reading and understanding statements of superannuation contributions, and checking credit contracts or Product Disclosure Statements (PDSs) for investments, and
- **Financial control**: preparing and using a budget, saving regularly, making timely credit card or mortgage repayments, and managing payments of large, less frequent bills like school fees or insurance.

<table>
<thead>
<tr>
<th>Skill level</th>
<th>No.</th>
<th>%</th>
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<tr>
<td>No computer experience, opted out of computer based assessment or failed the information and technology core (an estimated 4.2 million people, or 25%) were not assessed on problem-solving in technology-rich environments (PSTRE) and were included in a ‘not classified’ category.</td>
<td>4.2M</td>
<td>25%</td>
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The demographics of financial literacy

The 2011 ANZ Survey demonstrates that low financial literacy may be found in any demographic group regardless of age, gender, occupation, income or education. This means that a multi-faceted approach to financial literacy is required.

The 2011 ANZ Survey identifies some groups where lower levels of financial literacy are more likely to be encountered. These are:

- young people (under 25 years)
- people with no formal post-secondary education
- people on a low income or with few assets (for example, those whose main source of income is a government benefit or allowance, those with an annual household income below $25,000, or those with less than $2,000 in savings and investments)
- people working in lower-level ‘blue collar’ occupations (particularly men under 35), and
- women (particularly those under 35 and over 70).37

Taking into account the findings of the ANZ Survey, the strategic priorities and related key actions in 2014–17 (see pages 18–32) address the financial literacy needs of a broad Australian audience, including the groups listed above. Potentially disadvantaged and/or vulnerable segments of the population such as Indigenous Australians and people from culturally and linguistically diverse communities are also taken into account (see page 26).

37 ANZ, 2011.
Developing the 2014–17 Strategy

The consultation process

Since the 2011 Strategy was released, there have been many developments in the field of financial literacy and in our understanding of community needs.

In 2013, ASIC conducted a wide-ranging consultation process to publicly review progress made under the 2011 Strategy and inform the development of an updated framework for action for 2014–17. In addition, the 2013 Stocktake Survey provided a snapshot of financial literacy initiatives in Australia.

Around 200 stakeholders from the business, community, education and government sectors participated in the consultation process on the issues and priorities shaping the 2014–17 Strategy.

A broad range of views and ideas were gathered, with stakeholders consistently highlighting:

- the interconnectedness between financial literacy policy and broader policy frameworks for consumer protection, regulation of financial markets, and social and financial inclusion;
- the role that opportunity and personal circumstances play in building and using financial literacy knowledge, skills and behaviours, and
- the importance of connecting with Australians at teachable moments throughout their lives, including at school.

Stakeholders also shared their perspectives on the priority actions and target groups to focus on over the next three years, emphasising the importance of:

- strengthening government-to-government co-ordination and fostering cross-sectoral partnerships, and
- increasing opportunities for stakeholders to share what works and learn from other financial literacy initiative providers to foster good practice and build research in the field.

The information and views gathered from the review and consultation process, together with relevant research and international good practice guidelines, informed the development of the 2014–17 Strategy around five strategic priorities: see Figure 5.

Figure 5: Strategic priorities 2014–17

**Individuals, families and communities**

1. Educate the next generation, particularly through the formal education system
2. Increase the use of free, impartial information, tools and resources
3. Provide quality targeted guidance and support

**Policy and program development**

4. Strengthen co-ordination and effective partnerships
5. Improve research, measurement and evaluation

The first three strategic priorities focus on building the capacity of individuals, families and communities. The other two provide direction to organisations involved in financial literacy research, policy development and program delivery.

38 ASIC, REP 375.
39 ASIC, REP 374: see Appendices 1 and 2 for a list of participating stakeholders, including those who attended the National Financial Literacy Forum, and those who contributed their views through written submission, phone interview and/or face-to-face meetings.
40 See, for example, OECD, 2012.
Action plan

The action plan for 2014–17 (see pages 4–5) builds on the foundations of the 2011 Strategy, incorporating findings from relevant research in the field, feedback from those delivering financial literacy programs on the ground and input from other stakeholders.11

Partnerships across the government, business, community and education sectors have been a core feature of work undertaken under the 2011 Strategy.42

The 2014–17 Strategy aims to build on this collective commitment and collaborative activity by:

- improving national co-ordination
- identifying ways to leverage existing networks to extend reach and influence
- fostering new connections across sectors, and
- engendering behaviour change through joint efforts and sharing of good practice and learnings.

The Strategy is designed as a flexible cross-sectoral framework to guide and encourage the efforts of all those who are working to advance the financial literacy of Australians, with ASIC playing a lead co-ordination role.

Organisations involved in the delivery of financial literacy initiatives in support of the 2014–17 Strategy are listed online at www.financialliteracy.gov.au.

Co-ordination and reporting

ASIC will work closely with the Australian Government Financial Literacy Board and liaise with relevant stakeholders to oversee implementation of the 2014–17 Strategy and provide an annual report on progress.

The companion action plan to the 2014–17 Strategy is available online at www.financialliteracy.gov.au and will be maintained as a living document. It is designed to be flexible and capable of responding to the changing external environment.

Indicators of progress for each strategic priority are included in the plan. These represent a first step towards collecting some baseline information that will assist in measuring progress over time.

Tracking the status of the 2014–17 Strategy will enable ASIC and other organisations to identify what is working well, understand which target audiences are benefiting and where increased resources may be needed, address potential gaps or shortcomings, and fine-tune the approach taken.

Changes in financial behaviour

The multiple factors influencing financial behaviour and outcomes make it difficult to measure actual changes in behaviour. Financial decision-making is complex (see page 8) and a range of variables, including external factors outside the control of the individual, can have an impact on measures and results.

The ANZ Survey will continue to be a key reference point for observing changes in Australians’ financial literacy over time. Data drawn from a range of other sources will supplement these findings, for example:

- national household panel surveys
- evaluations of targeted financial literacy initiatives
- relevant international surveys, such as the financial literacy option in the OECD Programme for International Student Assessment (PISA)
- financial market research, and
- surveys on the financial attitudes and behaviours of specific segments in the community.

The results of such research will help deepen our collective understanding about changes in financial attitudes and behaviour. They will also contribute to strengthening approaches to delivery, measurement and evaluation of financial literacy initiatives within Australia (see pages 31–32).

As a suggested framework for tracking and measuring changes over time, following is an overview of the five behavioural indicators of financial literacy identified in the 2011 ANZ Survey (see page 11) and examples of related actions: see Figure 6.

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11 See ASIC, REP 374 for details of feedback from stakeholders.
42 See ASIC, REP 339 for details of progress under the 2011 Strategy.
Figure 6: Overview of key indicative financial behaviours

<table>
<thead>
<tr>
<th>Indicative behaviour</th>
<th>Example actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keeping track of finances</td>
<td>• Tracking household expenses</td>
</tr>
<tr>
<td></td>
<td>• Checking financial transactions</td>
</tr>
<tr>
<td>Planning ahead</td>
<td>• Planning for the medium and longer term, including retirement</td>
</tr>
<tr>
<td></td>
<td>• Protecting assets</td>
</tr>
<tr>
<td>Choosing financial products</td>
<td>• Shopping around</td>
</tr>
<tr>
<td></td>
<td>• Understanding investment risk</td>
</tr>
<tr>
<td>Staying informed</td>
<td>• Using information, tools and guidance when needed</td>
</tr>
<tr>
<td>Financial control</td>
<td>• Managing debts</td>
</tr>
<tr>
<td></td>
<td>• Saving regularly</td>
</tr>
</tbody>
</table>

A long-term journey

Implementation of the Strategy depends on a concerted approach involving many stakeholders. While considerable progress has already been made, we recognise that bringing about a significant change in Australians’ financial literacy levels is a long-term journey – one that will take at least a generation.

The 2014–17 Strategy is intended to inspire and assist financial literacy stakeholders to continue the good work in the years ahead.
Strategic priorities 2014–17

Priority 1: Educate the next generation, particularly through the formal education system

Core actions

1.1. Continue to promote a curriculum-based approach to teaching financial literacy in schools

1.2. Increase the number of teachers trained through ASIC’s MoneySmart Teaching professional learning program

1.3. Develop resources for teachers and students with a key focus on the Australian Curriculum for Economics and Business

1.4. Increase the engagement and confidence of teachers to teach consumer and financial literacy through the Australian Curriculum

1.5. Increase the number of vocational education and training (VET) students participating in financial literacy education

Context

Equipping young people with the basic knowledge, skills and behaviours needed to make good financial decisions, and an understanding of where to go for help when they need it, gives them an essential skill set to use for the rest of their lives.

Internationally, building the financial literacy of young people from an early age is now widely recognised as a fundamental part of education in the 21st century. Education through formal education pathways is regarded as an effective way of reaching a large number of young people from all socio-demographic backgrounds.43

OECD policy guidelines endorsed by the G2044 and Ministers of the Asia-Pacific Economic Cooperation (APEC) forum in 2012 recommend:

...the introduction of financial education as early as possible in individuals’ lives and preferably through its inclusion in the school curriculum...at least until the end of the formal curriculum and, to the extent possible, the end of high school.45

Curriculum-based approach

The teaching of consumer and financial literacy in Australian schools is guided by a nationally endorsed education learning framework, the National Consumer and Financial Literacy Framework (MCEEDYA, 2011)46 and is linked to the Australian Curriculum.

Steady progress has been made since the launch of the 2011 Strategy with a growing number of Australian students in Foundation to Year 10 learning about money management through curriculum areas such as mathematics, science and English.

44 The Group of Twenty Finance Ministers and Central Bank Governors is a group of finance ministers and central bank governors from 20 major economies.
46 The framework is available online at www.scseec.edu.au.
Building teacher capability
The Australian Government has made a significant investment to build the capacity of school teachers to integrate financial literacy, where relevant, into their programs of study in a planned and structured way through ASIC’s MoneySmart Teaching program.

A number of organisations are delivering complementary initiatives, such as free workshops to schools, or developing innovative resources aimed at students or young people.

Evidence is emerging from teachers and schools about the benefits for students and school communities when consumer and financial literacy is integrated into teaching programs, including schools in lower socio-economic areas and students with special learning needs.

A range of effective approaches is being undertaken, including whole school approaches. Sharing effective teaching and learning strategies and recognising good practice are core factors in increasing engagement and motivation of teachers and schools.

There is more to do to reach a critical mass of students. The development of an Australian Curriculum in Economics and Business will support further opportunities for students to learn about consumer and financial literacy.

Post-school opportunities
As students transition from school to work and/or further study, they start to take on greater responsibility for managing their own money, making financial decisions and setting goals for the future. This is also a time when they can fall into financial difficulty.

In Australia, we know that young people under 25 are consistently among those with lower levels of financial literacy knowledge, skills and behaviours. Younger people have less exposure to financial products and decisions, making them more likely to be financially vulnerable.

A necessary part of financial literacy is knowing how to track your expenses and live within your means. Data from Roy Morgan Research in 2012 shows that, within the 16–24 age group, one in 10 carry forward more than $2,000 in credit card debt each month, suggesting difficulties in managing money.

Extending opportunities to engage students in the post-compulsory years of education, with a particular emphasis on students in the VET sector, is a priority under the 2014–17 Strategy.

Parents, families and peers
Educating the next generation is not only about education through formal pathways. Feedback from the 2013 Consultation emphasised the role of parents, families and peers in shaping young people’s knowledge, behaviours and attitudes towards money.

Recent research confirms that most children form money habits by the time they are seven years old and that parents can play a powerful role in influencing the attitudes and habits of their children around money.

Educating students about money management at school is one way of engaging parents and other family members, especially in regional and remote areas where the school is often the centre of the community.

Leveraging other relevant channels such as parent networks and workplaces can also help amplify the core messages students and young people learn through formal education (see pages 22–23).

47 For more information, teaching resources and case studies, see teaching.moneysmart.gov.au and the MoneySmart YouTube channel at www.youtube.com/watch?v=is-96Omttyl.
48 ANZ, 2011.
49 Roy Morgan, 2012.
50 Money Advice Service (UK), Habit formation and learning in young children, 2013.
Focus for 2014–17
The emphasis will be on:

• identifying and leveraging synergies between various programs and resources aimed at educating young Australians about money management
• training more teachers through the MoneySmart Teaching program
• staying abreast of curriculum developments and participating in relevant consultation opportunities
• engaging and motivating primary and secondary school teachers through increased opportunities to come together and share teaching strategies and good practice, and
• developing new resources to build the financial literacy skills of students in the VET sector, particularly apprentices and trainees, who are the small business owners of the future.

Key indicators – priority 1

• Number of schools engaging in financial literacy education
• Number of teachers participating in ASIC’s MoneySmart Teaching professional learning program
• Number of VET students participating in financial literacy education

Bringing consumer and financial literacy to life in the classroom

ASIC: MoneySmart Teaching

ASIC’s MoneySmart Teaching (www.moneysmart.gov.au/teaching) resources use real-life scenarios linked to Australian Curriculum content to engage students in primary and secondary school in learning. They include 20 units of work, 25 videos (including 5 parent videos) and 18 multimedia activities.

Building teacher capacity and confidence to deliver effective financial literacy education to young people is integral to the program. Professional learning for teachers is delivered at national conferences, through state-based workshops in partnership with states and territories, and online.

The MoneySmart website also has resources to help parents to provide their children with good consumer and financial education from an early age.
Commonwealth Bank Foundation: 
**StartSmart**

Delivered by a national team of professional facilitators, and created in close consultation with education experts, **StartSmart (startsmart.com.au)** workshops are high energy and designed to inspire and motivate students.

The StartSmart program has a high number of best practice features, including an evidence-based approach to program design, links to relevant curriculum and ongoing evaluation mechanisms. StartSmart currently reaches over 275,000 students each year, making it the largest face-to-face financial literacy program of its kind in the world.

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Financial Basics Foundation & BOQ: 
**ESSI Money**

ESSI Money (www.financialbasics.org.au) – which stands for Earning, Saving, Spending and Investing – is a unique and engaging financial literacy teaching resource. The online game is designed around the concept of a journey through a ‘virtual reality’ that simulates a six-month time period.

It allows students to practise real life financial transactions and experience the consequences in a fun and challenging way using technologies they are familiar with, such as the internet, email, online buying and selling, and mobile phones. Its strong links to the Australian Curriculum ensures the game can be easily embedded into classroom learning.

BOQ sponsorship allows ESSI Money to be used as the platform for a national financial literacy challenge each year.
Priority 2: Increase the use of free, impartial information, tools and resources

Core actions

2.1 Continue to enhance ASIC’s MoneySmart as a core resource for the Australian population

2.2 Increase the number of people accessing MoneySmart and other free, impartial sources of information, tools and resources, including for example:
   - Indigenous Australians
   - pre-retirees
   - seniors, and
   - women

2.3 Promote workplace-based financial literacy programs

Context

Ensuring people have access to impartial and appropriate guidance and tools at key stages of life is a core part of building financial literacy. A key focus of the 2014–17 Strategy is to promote and encourage the use of free, impartial sources of information, tools and resources in a more co-ordinated way.

A wide range of online information, tools and resources is available to consumers. For example, ASIC’s MoneySmart website is a trusted, central reference point for Australians from all walks of life seeking easy-to-understand money management guidance and information. However, no single information source can meet the full breadth and diversity of people’s money management needs.

Improved co-ordination

Relevant government services, community organisations, consumer advocacy groups, outreach programs, legal aid centres and financial institutions play a fundamental role in helping people to navigate the financial landscape and access the information they need. These are often the first point of contact for people in financial stress.

While there are some examples of active cross-promotion and referral, feedback from the 2013 Consultation suggests this could be broadened and improved.

Service providers have highlighted that several segments of the population, including some seniors, Indigenous Australians and people from culturally and linguistically diverse backgrounds, do not readily engage with mobile or web-based information and tools. This can be due to issues such as lack of familiarity with or access to technology and/or poor literacy and numeracy skills.

The 2014–17 Strategy recognises that varied communication channels and methods, including print, phone and outreach, are needed to meet the diverse needs of consumers and investors, reinforce key messages and maximise impact and reach.

Workplace programs

Workplaces can also offer a relevant channel for engaging a significant number of Australians from all walks of life and motivating them to make the most of their money, both now and in the longer term. Several Australian employers are leading the way in developing workplace-based financial literacy programs.

One outcome of workplace programs is greater engagement with financial decision-making on issues like superannuation and planning for retirement. Encouraging more workplaces to offer structured financial literacy programs free-of-charge to employees is therefore a key priority under the 2014-17 Strategy.

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51 Examples of life stages and events include moving out of home, buying a car, managing credit and debt, renting or buying a home, having a baby, coping with child care and education costs, dealing with changed personal circumstances such as loss of a job, death of a family member, divorce or disability.

52 See www.moneysmart.gov.au.

53 ASIC, REP 374.

54 As of January 2014, 11.5 million people were employed in Australia (6202.0, ABS, January 2014).

Key audiences
Feedback from the 2013 Consultation strongly recommended strengthening engagement of the following key audiences, given the specific challenges they face:

- **Indigenous Australians**: Indigenous Australians are overrepresented in groups with the lowest financial literacy and are among the most financially excluded in the country. Improving the accessibility of information and resources that acknowledge and maintain the cultural identity of Indigenous people, including audio and visual resources in Indigenous languages, may help to better connect with this group.

- **Seniors**: According to the 2011 ANZ Survey, lower levels of numeracy and financial efficacy are evident amongst older Australians aged 65 and over, particularly women aged 70 plus. They are also the least likely to consult a range of information sources to stay informed. Gaps in investment knowledge and engagement and declining cognitive skills, can affect financial decision-making of seniors.

- **Women**: Women’s lower retirement savings, longer life expectancies and the societal barriers they face make them particularly vulnerable to the negative outcomes of any poor financial decisions. Research shows that Australian women typically have lower numeracy levels, find dealing with money stressful or overwhelming and have more difficulty with retirement-related investment decisions than men.

The 2014–17 Strategy recognises that encouraging parents to talk with their children about money is a valuable complement to initiatives aimed at young people. As already noted, parents and families are powerful influences in developing good money management habits and behaviours in young people and remain a common source of advice and guidance for Australians of all ages.

Focus for 2014–17
Driving increased use of free, impartial information, tools and resources will be achieved by:

- continuing to enhance MoneySmart content and usability to reflect emerging technologies and learnings from behavioural research, user feedback and market research

- developing a multi-sector communication plan to guide and co-ordinate efforts to reach people, particularly at the point of accessing relevant community or financial services

- implementing co-ordinated strategies to help investors, particularly seniors and pre-retirees, to understand risk and make wise financial decisions, including planning for retirement

- encouraging more workplaces to offer structured financial literacy programs to employees free-of-charge, and

- promoting resources to help parents talk with their children about money.

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57 C Connolly, M Georgouras, L Hems and L Wolfson, Measuring Financial Exclusion in Australia, Centre for Social Impact (CSI), University of New South Wales, for National Australia Bank, 2011.
58 Around half (49%) of people aged 45 and over who are intending to retire from the labour force report their main expected income at retirement will be ‘superannuation, annuity or allocated pension’. But less than one fifth (17% in total: 25% of men and 10% of women) of those already retired reported ‘superannuation, annuity or allocated pension’ as their main income source, suggesting higher than expected reliance on the Age Pension. (Australian Bureau of Statistics, Retirement and Retirement Intentions, Australia, Cat. No. 6238.0, ABS, 2013.)
59 ANZ, 2011. In the survey ‘financial efficacy’ is defined as being about self-confidence and a personal belief in the ability to make a difference to one’s personal financial situation. It shows a willingness to engage with money management and has positive associations with all behavioural components of financial literacy.
62 Association of Superannuation Funds in Australia (ASFA) and Suncorp Life, Suncorp-ASFA Super attitudes survey, 2012.
63 ANZ, 2011.
64 Money Advice Service (UK), The financial capabilities of 15–17 year olds, 2013.
65 46% of Australians aged 18 and over seek advice on money matters from family members (ANZ, 2011).
A life stage approach

ASIC’s MoneySmart

ASIC’s MoneySmart website (www.moneysmart.gov.au) was established as a key initiative under the 2011 Strategy. It is designed for all Australians, whatever their life stage. There have been over 12 million unique visitors to MoneySmart since its launch in 2011. The website regularly helps over 425,000 Australians each month be more confident and make smarter decisions with their money.

The site features more than 400 pages of content, 26 calculators and tools, and 3 mobile apps. It offers free and impartial information, tools and resources for a range of demographics, including young adults, young families, women under 40, empty nesters, pre-retirees and seniors.

MoneySmart’s web content is complemented by over 70 publications, with around 250,000 distributed monthly to individuals and organisations; a monthly eNewsletter; and a social media engagement strategy. The site has become a central hub for consumer and investor information on money matters, with more than 13,000 links to MoneySmart from other websites.
HESTA & ME Bank: Money Makeover Workshops in the workplace

The ‘Money Makeover Workshop’ is a national program delivered by HESTA (www.hesta.com.au) and ME Bank, in partnership with employers, to employees working in the Health and Community Services sector.

The employers that HESTA and ME Bank partner with are committed to providing financial education to their staff and a number of them have included the Money Makeover Workshop in their employee wellness programs.

Workshops are held in workplaces and aim to empower attendees to take practical steps to build their financial knowledge across both banking and superannuation.

Davidson Institute: Westpac Financial Education

The Davidson Institute, an initiative of Westpac (www.davidsoninstitute.edu.au), provides a comprehensive range of financial education topics for individuals, businesses and not-for-profit organisations. The Davidson Institute also works with a number of employers, including Westpac itself, to devise and deliver financial literacy programs free to their employees.

Education is delivered in a variety of mediums, including face-to-face workshops, seminars, webinars, eLearning tutorials, articles, tools and guides.

Resources include:
- over 60 modules for individuals, based on a lifelong learning concept
- 6 different workshops tailored for workplaces, and
- a regular weekly webinar series launched in February 2014, with over 20 different webinar topics.

Since August 2011, there have been around 140,000 unique visitors to the Davidson Institute website.
Priority 3: Provide quality targeted guidance and support

Core actions

3.1 Foster good practice in programs and services providing targeted guidance and support, particularly to disadvantaged and/or vulnerable groups

3.2 Improve targeted guidance and support to better meet the needs of Indigenous people and communities

3.3 Build the capacity of intermediaries who deliver financial literacy programs to disadvantaged and/or vulnerable individuals, families and communities

Context

Feedback from the 2013 Consultation emphasised that, in addition to strategies aimed at the general public, there is an ongoing need for targeted guidance and support to meet the often complex needs of specific groups in the community, particularly disadvantaged and/or vulnerable groups. This is an area where cross-sectoral partnerships between the community, business and government sectors are more prevalent.

The 2014–17 Strategy acknowledges that the provision of effective targeted guidance and support is important to building financial literacy and wellbeing for groups such as:

- Indigenous Australians
- people from culturally and linguistically diverse communities
- people experiencing high financial stress or crisis
- people who are on a low income or with few assets, and
- people living in rural and remote areas.

Many people fit into more than one of these groups and may experience multiple disadvantage, sometimes spanning generations within families or communities.

Lack of education, having English as a second or third language (common for people in both newly arrived and Indigenous communities), or residing in remote areas that are not well served by mainstream financial institutions, place some consumers at considerable disadvantage, making them potentially vulnerable to exploitation.

Indigenous people and communities

The Strategy acknowledges the need to consider the cultural, geographic and historic issues faced by some Indigenous Australians, particularly in remote areas, when developing and delivering targeted programs and services to build financial capability.

These issues may include balancing family responsibilities, availability of appropriate and affordable banking services, access to culturally sensitive financial counselling, generally poor literacy and numeracy skills, and lack of confidence and experience in dealing with certain financial products.

While a number of financial literacy programs already aim to better meet the needs of Indigenous people, feedback from the 2013 Consultation revealed that more can be done to support and build their financial wellbeing. Areas of emerging importance include transitioning to employment and working in small business or other commercial settings.

Sharing what works

The Australian Government, through the Department of Social Services provides funding for a range of programs for Australians across a spectrum of income and financial literacy levels, including Indigenous people and communities, and those who are in financial crisis or on low incomes. Some of these programs are also jointly funded by major banks.

67 Examples of programs include the Indigenous Consumer Assistance Network (ICAN) and the Indigenous Financial Counselling Mentorship Program (supported by Commonwealth Bank of Australia), Indigenous Money Mentors (supported by NAB), Many Rivers Microfinance (supported by Westpac), MoneyBusiness (supported by ANZ), My Moola (a partnership between First Nations Foundation and the Financial Services Council), Financial Capability Workers and Money Mob Talkabout (supported by the Australian Government through the Department of Social Services).
Evidence from long-standing programs shows a range of positive outcomes for participants, such as new financial skills and knowledge, increased confidence and longer-term behavioural change:

- A strong majority (86.6%) of Saver Plus (see page 10) participants ‘continued to save the same amount or more’ after completing the program, and most (83.8%) agreed or strongly agreed that their involvement in the program improved their ‘ability to plan ahead and stay on top of things financially’.  

- Three quarters (73.6%) of StepUP (see page 29) evaluation survey respondents reported experiencing ‘a net positive change in economic and social outcomes’ after receiving a StepUP Loan (including changes in financial exclusion, financial literacy, financial confidence, financial management and social and health outcomes).  

- As a result of accessing support through the No Interest Loan Scheme (NILS) (see page 29) almost half (47%) of NILS clients ‘improved their financial capabilities’, including their ability to budget, save money, and shop around for the best deal.

Capturing and sharing learnings from initiatives as they are evaluated and refined, together with drawing on relevant international and national research, is central to stimulating innovation and ensuring quality and effective targeted programs.

The role of intermediaries

In feedback from the 2013 Consultation, a number of stakeholders highlighted the need to support and train intermediaries who work with disadvantaged and/or vulnerable people. Suggestions included developing a range of core training materials that could be customised to suit a variety of socio-cultural backgrounds and education levels. Strategic partnerships and outreach work were identified as core avenues for making progress in this area.

Reaching people before crisis

Financial pressure is due to a range of factors and affects not only disadvantaged and/or vulnerable people. Feedback from financial counsellors, community organisations and consumer advocacy groups indicates a need to do more for those who are experiencing financial stress before they reach a crisis situation. Helping people to effectively manage debt is an important aspect.

The 2011 ANZ Survey showed that more than one in three people with a mortgage in excess of $300,000 and a household income of $65,000 or less felt uncomfortable with their current level of debt. The research noted that debt has more influence on the extent to which people feel in control of their financial situation than income.

Focus for 2014–17

Delivering quality targeted guidance and support will be achieved by:

- building links between relevant national networks, programs and services to reach people before they are in a crisis situation
- encouraging pilots of new and innovative approaches to meet the needs of disadvantaged and/or vulnerable groups
- improving the range of culturally appropriate targeted programs and support available to Indigenous Australians, particularly those transitioning to work or working in commercial settings
- improving targeted guidance and support available to those who are not in financial crisis but are coming under increasing financial pressure, and
- developing and promoting resources for intermediaries to use and providing opportunities for them to share effective strategies and learn from one another.

Key indicators – priority 3

- Number of people assisted by national targeted guidance and support programs
- Feedback from intermediaries about guidance and support provided
- Outcomes of research studies and evaluations show changes in financial wellbeing

71 ANZ, 2011.
Building financial resilience

ANZ Banking Group and community partners: MoneyMinded

MoneyMinded is Australia’s most widely-used adult financial literacy program, reaching more than 200,000 people since its inception in 2003. It is delivered nationally in partnership with community organisations, including The Smith Family, The Benevolent Society, Brotherhood of St Laurence, Berry Street, Kildonan UnitingCare, Mission Australia and Anglicare SA.

MoneyMinded is a comprehensive suite of adult financial education resources, developed by ANZ to help people build their financial skills, knowledge and confidence. It takes into account that people learn in different ways. Facilitators can select workshops that relate to the particular needs of their participants, like Dalal (pictured, right) from Kildonan UnitingCare, who runs financial education workshops with her Chaldean Women’s Association and Arabic Speaking Women’s Group.

Cherie McAdam: Indigenous financial counsellor

Cherie McAdam is a qualified financial counsellor and Indigenous Money Mentor working in the East Kimberley Region of Western Australia.

‘Being amongst a handful of qualified Indigenous financial counsellors in Australia, I am very proud to be working back in the East Kimberley. My driving force is seeing the difference financial knowledge can make to an individual’s life.

My style of money mentoring is based on our culture … I believe that once you recognise your personality type, you understand the reasons why you continue to fall into money traps. Coaching people to a place where they can thrive in their world of finance is my passion.

The knowledge and skills that I have gained from my personal and work experience help me to show people that, once you can get a handle on your world of money, your hopes and dreams are achievable.’

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72 The Indigenous Money Mentor program is a NAB initiative that aims to improve the financial capability of Indigenous Australians. Wholly funded by NAB, and currently available in NT, WA and NSW, it provides free face-to-face practical support and options to Indigenous people on low incomes and facilitated access to microfinance products where appropriate.
National Australia Bank and Good Shepherd Microfinance: Microfinance Partnership

National Australia Bank (NAB) (cr.nab.com.au/what-we-do) and Good Shepherd Microfinance (www.goodshepherdmicrofinance.org.au) have developed a valued and trusted partnership to build financial capability and foster financial inclusion. The two organisations share a goal to provide microfinance to 1 million people on low incomes by 2018.

Since 2013, the partnership has given people living on low incomes access to fair, safe and affordable financial services. NAB’s commitment to provide loan capital has supported the expansion of the No Interest Loan Scheme (NILS) across Australia. Established in 1981, NILS is supported by funding from the Australian and state governments and delivered in partnership with 257 community agencies, reaching more than 125,000 people.

Funding from the Australian Government has also allowed the organisations to enhance the StepUP low interest loans program and roll out NILS across Indigenous communities. Together, NAB and Good Shepherd Microfinance have provided 9,300 StepUP loans, and supported 942 matched savings accounts through AddsUP, in addition to tens of thousands of financial conversations helping individuals improve financial wellbeing.

In 2013, in collaboration with the Victorian Government, the partnership opened three ‘Good Money’ community finance hubs which aim to provide more efficient and integrated support and guidance to low income earners.
Priority 4: Strengthen co-ordination and effective partnerships

Core actions

4.1 Facilitate implementation of the 2014–17 Strategy action plan
4.2 Improve co-ordination between relevant government-funded programs and service providers
4.3 Increase opportunities to build links and share good practice within and across sectors, nationally and internationally

Context

Partnerships across sectors can significantly expand the reach and impact of programs and resources. Collaborative action also brings together a valuable mix of expertise, experience and insight. This can lead to more efficient and effective program and service delivery, and provide fertile ground for developing improvement and innovation.

Since the 2011 Strategy, opportunities for people in different sectors to come together, build links and share information about their work have been enthusiastically embraced:

- ASIC’s national Financial Literacy Community of Practice network, launched in 2009, promotes dialogue, partnerships and information exchange between all those involved in financial literacy work. The Community has over 400 participants from the education, financial services, not-for-profit and government sectors in Australia and New Zealand.
- A National Financial Literacy Forum was held by ASIC in 2013 as part of the review and consultation on the 2014–17 Strategy.73
- MoneySmart Week, launched in 2012 and held annually in the first week of September, comprises a growing network that is now 200 strong, which is evidence of the good will to work together on national campaigns encouraging Australians to take positive steps to make the most of their money.74

Focus for 2014–17

Harness and advance this growing level of cross-sectoral commitment by:

- strengthening co-ordination, particularly between relevant government programs and service providers
- promoting MoneySmart Week each year to broaden awareness of financial literacy, grow the financial literacy community and recognise good practice, and
- improving opportunities for stakeholders to build strategic alliances and partnerships through relevant national networks, forums and workshops, including ASIC’s national Financial Literacy Community of Practice network.

Key indicators – priority 4

- Enhanced co-operation and partnership between relevant government departments
- Feedback from members of ASIC’s national Financial Literacy Community of Practice network
- Feedback from attendees at national forums and workshops

73 For more about the outcomes of the National Financial Literacy Forum, see www.financialliteracy.gov.au.
74 MoneySmart Week is an initiative of members of the Australian Government Financial Literacy Board: see www.moneysmartweek.org.au.
Priority 5: Improve research, measurement and evaluation

Core actions

5.1 Participate in relevant international research
5.2 Conduct national research to contribute to the understanding of Australians’ financial literacy levels, and the influencing factors
5.3 Increase access to tools and resources to support good practice in evaluation
5.4 Foster good practice by increasing access to experts in the field and sharing what works
5.5 Foster research on enhancing the effectiveness and impact of financial literacy programs

Context

Best practice principles for developing and evaluating financial literacy programs and resources are still emerging.

Developing these principles is challenging for a range of reasons:

- the external environment is constantly changing, so a financial literacy program is not the only factor influencing change, which makes it difficult to measure the actual impact of an initiative
- few programs have the resources to do ‘before and after’ testing and compare with a control group of non-participants, and
- real impact depends on what people actually do, not what they know or say they do (although the latter can help explain the factors influencing financial decision-making).75

Around the world, many programs, tools and materials have been developed to educate and inform people about topics such as saving, investing and retirement. However relatively few programs have undergone formal evaluation.

While there is currently active information sharing among networks, there is not a lot of robust evidence of what works in Australia in terms of financial literacy initiatives. The 2013 Stocktake Survey showed that, of the 112 initiatives submitted by 64 organisations, only one quarter (26%) had been independently evaluated and the majority (57%) had not been evaluated in any way.76

Australian research has highlighted the importance of emotion and attitudes in influencing financial behaviour.77 Sharing and learning from the growing body of national and international research, including in the field of behavioural economics, contributes to informing good practice and innovation and stimulating new research.

In particular, research and evaluation can help us understand why people make the financial decisions they do, and inform communication strategies and design of information, tools and resources to make money decision-making less stressful and help people avoid common pitfalls.

75 ASIC, REP 339
76 ASIC, REP 375.
77 ANZ, 2011; ASIC, REP 230; Citi Australia, Evidence versus emotion: How do we really make financial decisions, 2010; Chant Link & Associates, Understanding the success of Saver Plus, ANZ, 2009.
Participation in relevant international studies, such as the financial literacy assessment attached to the OECD’s Programme for International Student Assessment (PISA) in 2015, and the continuation of studies such as the ANZ Survey will all contribute to tracking progress over time.

Feedback from the 2013 Consultation also identified the need for a mechanism to share relevant findings from existing national surveys (for example, focusing on the savings and credit card behaviour of Australians).

Adding to Australia’s research base through improved evaluation of current and new financial literacy initiatives will aid in better understanding how participants benefit from various approaches and what impact they are having on the financial behaviour of Australians.

Focus for 2014–17

Improve research, measurement and evaluation by:

- tracking Australians’ financial literacy through the ANZ Survey of Adult Financial Literacy in Australia
- conducting a National Financial Literacy Stocktake Survey to monitor improvements in evaluation
- share OECD resources and templates to guide good practice in program evaluation, and
- provide avenues for stakeholders to access relevant expertise and share research findings to help guide effective practice.

Key indicators – priority 5

- ANZ Survey of Adult Financial Literacy in Australia
- Number of financial literacy programs being evaluated
- Feedback from financial literacy stakeholders on opportunities to share information and recognise good practice
Other useful information

2014–17 Strategy action plan
A companion document to the 2014–17 Strategy is a detailed action plan. This plan describes indicative actions for ASIC and relevant stakeholders to support the strategic priorities.

The action plan is intended as a living document. It is published on the National Financial Literacy Strategy website at [www.financialliteracy.gov.au](http://www.financialliteracy.gov.au) together with a list of supporting organisations.

Other ASIC reports
You will also find the following ASIC reports on the National Strategy website:

- National Financial Literacy Strategy (REP 229), 2011
- Financial literacy and behavioural change (REP 230), 2011
- Review of the National Financial Literacy Strategy: Background report (REP 339), 2013
- National Financial Literacy Stocktake Survey (REP 375), 2013