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Note This summary paper is not a transcript or verbatim representation of the proceedings of the Research Summit, but rather key points captured by the scribe and hosts of the event.
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Executive Summary

Background
The Research Summit was an inaugural event to bring together academic researchers investigating the financial capability or financial wellbeing of Australians.

The Summit was held on the 6th and 7th of December 2018 at the Pan Pacific in Melbourne. The Summit was an initiative of the Australian Securities and Investments Commission (ASIC) and was co-hosted with RMIT University.

The Summit invited academics from seventeen universities across Australia; two from New Zealand; four international key speakers from North America; and key ASIC staff working in the area of financial capabilities.

Understanding how financial capabilities contribute to the financial wellbeing of individuals and households is a priority for ASIC. Therefore, harnessing research across Australia and internationally is critical to ensuring we have the right resources and support to put Australians in control of their financial lives.

The one-and-a-half-day event comprised keynote presentations, panel sessions, and participant workshops, along with free time for networking opportunities.

Summit objectives
The objectives of the Research Summit were to:

1. Explore how we can better coordinate and harness research to build financial capabilities of Australians.
2. Share latest research concepts and understanding of financial capability and the role it plays in financial wellbeing.
3. Foster collaboration among researchers.

Summit key themes
Two themes emerged across the Summit. Understanding these themes will be useful when conducting financial capability research and building collaborations, when advocating for systemic changes to support research, and to inform the 2018 National Financial Capability Strategy.

These themes are:

1. **Importance of creating a rich research ecosystem.**
   The wide range of disciplines represented by the Summit delegates illustrates the importance of harnessing multi-disciplinary concepts and methods to progress our understanding of financial capabilities and financial wellbeing.

2. **Beyond financial education.**
   We have learned over the last few years that financial literacy or knowledge is not the only contributor to financial wellbeing. Effective financial skills, behaviours, and environmental factors are also key enablers for financial wellbeing.

These themes are explored in different ways throughout the session summaries and their implications for building financial capabilities are discussed in the conclusion.
Recommendations for next steps

Delegates were called upon for ideas to progress the research in financial capabilities and achieve the goals of the National Financial Capabilities Strategy. The following is a summary of the collection of those ideas:

- **ASIC could act as a data warehouse** to accelerate research.
- **More events** like this Summit with specific foci. Future events could have different and specific focus on financial capability in different contexts and cohorts, for example, Indigenous people, women, young people, older people, cultural perspectives, and technology. ASIC could form a subcommittee to curate future focus.
- **Build the global network** to progress the international and multi-disciplinary understanding of the financial capability research sector.
- **Improve and change structures** to legitimize and support a multidisciplinary approach to financial capability.
- **Harness the enthusiasm** and keep the momentum going through ‘thick’ research, knowledge sharing and collaboration.
- **ASIC to host academics.** ASIC could explore opportunities to host academics in ways that contribute to ASIC’s work in this area, while also supporting the research community.

Calls to action

- Join ASIC’s Financial Wellbeing Forum at financialcapability.gov.au
- **Publish articles and papers** on financial capability and financial wellbeing to share knowledge and increase an understanding of this research field.
Session summaries

Supporting the National Financial Capability Research Roadmap

Ms. Laura Higgins, Senior Executive Leader, Financial Capability, ASIC

Laura Higgins leads the 2018 National Financial Capability Strategy, fostering collaboration across the government, business, community, education and research sector to empower Australians to be in control of their financial lives.

ASIC offers a range of financial capability initiatives including the MoneySmart Teaching program, Indigenous Outreach program and the provision of impartial financial information and guidance through the MoneySmart website. And in 2018, ASIC released its third National Strategy.

The goal of the Strategy is for Australians to take control of their financial lives; an ambitious goal that is clear, simple, and meaningful to everyone.

“When our finances are on track, we can get on top of our lives.”

The Strategy outlines key behaviours to manage money day to day, plan for the future, and make informed decisions. ASIC’s approach is well aligned with international approaches to building financial capabilities.

ASIC views research as critical to achieving the goals of the 2018 National Financial Capability Strategy. In developing a research roadmap that works towards meeting the goals of the national strategy, ASIC are calling for input to the following questions:

1. Which focus area would you prioritise?
2. What additional focus areas should be considered?
3. What existing research are you aware of that addresses the needs of specific groups?
4. What should we be doing to better understand the challenges faced by different groups?
5. How do we better understand the social and economic context in which people make financial decisions?
6. What research methodologies do you think hold the most promise for future research on financial capability?
7. What existing research should inform the development of the Research Roadmap?
8. What gaps or opportunities have you identified in your research that could be explored further?
9. What are the barriers to and the opportunities for collaboration we need to consider?
10. How can ASIC best support the financial capability research community?
Building financial capabilities in Canada: Lessons for Australia

Mr. Steve Trites, Manager of Research and Policy, Financial Consumer Agency of Canada (FCAC), Canada.

Steve Trites’ work directly supports the implementation of the National Strategy for Financial Literacy in Canada. He has considerable experience conducting, leading and enabling research and policy analysis in the private, academic and public sectors.

Mr. Steve Trites manages research and policy for the Financial Consumer Agency of Canada (FCAC). Steve talked about the strategy the FCAC have undertaken to promote a coordinated research approach in Canada.

Like ASIC, the FCAC is charged with regulating the conduct of the finance sector and delivering consumer financial education. A key part of delivering on this mandate is building partnerships and relationships with stakeholders. Steve provided insights into their approach, processes and the outcomes and lessons they have learned through their journey.

In 2013-14, the FCAC conducted national consultations that informed a national strategy. A key finding was the recognition that financial literacy (or knowledge) is not the only factor determining financial behaviour and that other factors also play a significant role.

To better understand financial behaviour, the FCAC established a multi-disciplinary research committee to identify research priorities and develop and implement a research plan.

Through the work with the research committee the FCAC have identified a series of themes:

- **Smarter Financial Literacy.** The FCAC didn’t want to keep throwing knowledge at people. What role do knowledge, skills and confidence play in building literacy? Confidence is important. Consumers need the skills to make good decisions and act.
- **More targeted.** Know your audiences’ needs is important. Provide tailored nudge interventions that give the right information at the right time.
- **More effective.** Evaluate to be effective. Determine what’s working and not.

The FCAC have undertaken key steps:

- Published a National Research Plan for Financial Literacy.
- Identified major projects that work towards achieving the goals of the research plan.
- Identify who is going to do the work.
- Conducted symposiums and annual events that brought together academics and practitioners to share expertise and continue to grow. Each event has a central theme to understand where they are now, share knowledge and translate it to others.
- Created effective channels for knowledge transfer. The FCAC acknowledges that there is great research being done but recognizes that the collective is stronger than the individual. Therefore, it’s important to get the knowledge to those who can act and create effective policies to bring about systemic change.
- Use simple messages that people can pick up and act upon to complement knowledge.
- Using the media as an ally to increase the profile of financial capability in the community.
- Collect publications and use marketing strategies (including at the launch of key papers) to support the conversation and work on financial capabilities. Increase blog posts and social media channels.
What worked well:

- Bringing experts together to create a strong collective has been more effective than individual siloed efforts.
- Creating a shared direction and momentum.
- Forming a cohesive discipline for financial capability which will bring benefits, for example, funding opportunities, publications, and conferences.

Challenges:

- In a constantly changing landscape, it has been necessary to continually renew plans and add in relevant disciplines as needed.
- Funding is an issue for a relatively recent area of research. There is currently no defined box to tick on the funding applications. The FCAC needs to put together a business strategy so funders can better understand the needs of this field of research.
- Ensuring continual monitoring of practitioners' needs to make sure the committee can build a research strategy that will be relevant and have an impact.

The FCAC has identified emerging areas of research:

- Defining the area of ‘financial wellbeing’. Building agency and understanding outcomes, both subjective and objective.
- Understanding the role and practices of budgeting; a fundamental first step of financial capability.
- Paying down debt, which is also fundamental to financial wellbeing. The FCAC want to know which approaches are better.
- Developing ‘just in time confidence’.
- Dealing with ‘scarcity’ and its effects on cognition.
- Encouraging savings.

The lessons that the FCAC have learned in their journey:

- Multi-disciplinary input is important.
- Champions are critical to progressing the various research areas.
- Build common goals and deliverables as they help to maintain momentum.
- Clear and strategic communication helps to engage those who are directly involved as well as drawing in more key audiences. It also gives a sense of progress, because while you don’t have all the answers, you are getting somewhere.
- Striving for excellence. Making sure that the work is robust, raising the bar, and ensuring rigour leads to confidence and progress.
- Evaluation and constant learning are critical.
Innovations in measuring financial health and understanding financial lives

Ms. Nancy Castillo, General Manager, Program Team, Centre for Financial Services Innovation, USA

Ms. Thea Garon, Director, Program Team, Centre for Financial Services Innovation, USA.

The Centre for Financial Services Innovation (CFSI) is a non-profit organization that works toward improving the financial lives of consumers, especially the underserved. It helps shape a robust and innovative financial services marketplace by increasing access to higher quality products and practices. The organization leads a network of financial service innovators committed to improving the financial health of consumers by building better products, programs, and practices.

Nancy Castillo and Thea Garon shared innovations introduced in the USA which were designed to help understand the financial wellbeing of Americans; The U.S Financial Health Pulse and the U.S. Financial Diaries.

U.S. Financial Health Pulse

The CFSI initiative U.S. Financial Health Pulse is ground-breaking research on the financial lives of Americans. It offers an ongoing snapshot of how Americans manage their finances, along with actionable insights to improve financial health. The innovative design of the study involves matching survey and bank transaction data of 5,000 people.

The framework uses eight indicators covering four key financial behaviours to measure a person’s financial health and create a CFSI Financial Health Score®:

Spend:
1. Spend less than income
2. Pay bills on time and in full

Save:
3. Have sufficient liquid savings
4. Have sufficient long-term savings

Borrow:
5. Have a sustainable debt load
6. Have a prime credit score

Plan:
7. Have appropriate insurance
8. Plan for expenses
Using these indicators, their research shows that:

### Spend:
1. 47% of Americans are spending more than or equal to their income.
2. 36% of Americans are unable to pay all their bills on time.

### Save:
3. 45% of Americans do not have enough savings to cover three months of living expenses.
4. 37% of Americans are not on track to meet their long-term financial goals.

### Borrow:
5. 30% of Americans say they have more debt than they can manage.
6. 27% of Americans do not have prime credit scores.

### Plan:
7. 37% of Americans are not confident about their insurance coverage.
8. 40% of Americans do not plan financially.

The CFSI Financial Health Score® shows that Americans fall into one of three financial health tiers:
1. 17% are Financially Vulnerable
2. 55% are Financially Coping
3. 28% are Financially Healthy

**U.S. Financial Diaries**
The CFSI ground-breaking study, *U.S. Financial Diaries*, provides insight into the financial lives of 235 households across the USA. Researchers met with households every 2-3 weeks over the course of a year to explore the financial decisions and transactions that took place. The study is collecting data every five years. Data is cross sectional, longitudinal and takes on new participants. The households included different types, environments, ethnicity and structures.

The lives of the families and individuals featured in the financial diaries, illustrated some important themes which are relevant to the Australian context.

1. **There is a correlation between instability in the workplace and poor financial health.** For example, those with predictable income are 2.5 times more likely to be financially healthy than those with unpredictable income. On average households had 2.4 income dips and 2.2 income spikes throughout the year.

2. **Income volatility often comes from within the same income sources** (underpaid, not paid on time etc.).

3. **The study has shown a correlation between the cost of living and financial health.** The necessities include housing, food and healthcare. Respondents who struggled to afford housing are 22.8 times less likely to be financially healthy. And those who struggled to afford necessities were more likely to experience financial stress.
4. **The study showed that the impact of financial stress impacts on other aspects of life, including physical health, mental health, family life and performance at work/school.**

5. **Household expenses can be even more volatile than income.** While high expenses are not necessarily problematic, expenses need to be looked at in alignment with income. When households experienced unexpected events, which caused unplanned expenses, this caused havoc within the family, often with ongoing, cumulative effects on the household’s financial situation.

6. **Nearly half of Americans don’t have enough savings to cover three months of living expenses.** Despite savings balances being quite low, the low balances obscure the fact that people are saving when they can. Slight majorities are saving regularly or whenever possible. More than three quarters are actively saving. Seventeen percent of Americans are putting away savings, but it’s being spent in a short period of time, within six months.

   The study found 65 ways that people save. The study challenged the assumption that saving is only for the future. There are many people, especially those on low-incomes, that are indeed saving but they are saving for ‘soon’, rather than the distant future.

7. **Thirty per cent of Americans have more debt than is manageable.** The impact of unmanageable debt was preventing them from reaching financial goals such as buying a car, house, and saving for retirement. The study showed that for many households, debt is a permanent part of life and juggling debts is a constant source of stress. Social networks play an important role in helping individuals and families manage expenses.
Address from the Chair of ASIC: Delivering on our vision for the National Financial Capability Strategy

Mr. James Shipton, Chair, ASIC

James Shipton commenced as ASIC Chair in early 2018, and has more than 20 years’ experience in regulation, financial markets, the law and academia.

ASIC’s vision is for a fair, strong and efficient financial system for all Australians. Mr. Shipton stated that ASIC’s role is to be a forceful regulator, build trust and change behavior.

Mr. Shipton said that we need significant knowledge and resources to build Australians’ financial capability and the confidence to be in control of their financial lives. Mr. Shipton appealed to the academics to help get there. He pointed out that there are synergies between ASIC’s regulatory work and the academics’ research and that there are opportunities for knowledge sharing and collaboration.

ASIC’s role is to work with consumers to build skills, knowledge, and actions. The 2018 National Financial Capability Strategy involves working with the financial sector, academics, industry and other government departments. ASIC is particularly committed to giving women, young people, older Australians and Indigenous Australians the resources and information that they need to control their financial lives.

Mr. Shipton highlighted that many elements of life can put strain on people’s finances, and it is important to understand different behaviours. For instance, how do people plan and save when on a limited income? What are the behavioural biases that hinder people’s confidence to control their finances? There are a range of unknowns that influence people’s financial decisions. That is why ASIC is interested in finding new ways to understand the problems that have been with us for many years.

The Research Roadmap will support the research community working in this field. ASIC wants to know the questions researchers are asking and the conversations around different aspects of financial capability research. The work of those gathered at the Summit is fundamental to achieving the goals of the National Financial Capability Strategy. Engaged and energized partnerships can have a significant impact on ASIC’s ability to achieve its vision and support all Australians to have the confidence to be in control of their financial lives.
Moving towards a holistic framework for financial wellbeing

Dr. Dee Warmath, Department of Financial Planning, Housing and Consumer Economics, University of Georgia, USA

Dr. Warmath’s research examines the roles of shared decision-making and decision skill in the interplay of money, relationships and health in achieving wellbeing. For the past six years Dr Warmath has served as the Principal Investigator for the Consumer Financial Protection Bureau (CFPB) on its project to define and measure financial wellbeing, as well as test hypotheses of its drivers. This research has been instrumental in progressing the global understanding of financial wellbeing.

Dr. Warmath presented her findings on financial wellbeing and implications for financial capabilities.

Dr. Warmath’s approach to financial wellbeing takes a holistic view, blending expert knowledge with the lived experiences of the consumer. Dr. Warmath’s research explores how people’s relationship with money is a combination of objective (fact based) and subjective (emotional) elements.

Dr. Warmath had two key messages in her presentation:

1. **It matters how the consumer perceives their financial situation.**
   Perceived financial wellbeing is an important part of a consumer’s financial situation.

2. **Consumers need better warning signals of impending hardship.**
   Perceived financial wellbeing should be coupled with a warning system for vulnerability to financial hardship, as it is harder to work your way back from the psychological impacts if you fall off a cliff.

**Consumer perception of financial wellbeing**

Dr Warmath’s research revealed that many consumers are overly worried about their finances, while others are not worried enough. Consumers assess their wellness in many ways. An important question is, how does the consumer determine how they are doing?

Dr. Warmath’s research began with rich qualitative data, or financial narratives. They came from a cross-section of the US population including people who were homeless, the retired wealthy, students, and the elderly.

Participants were asked, what does financial wellbeing mean to you? What’s the most important ingredient? What’s the biggest challenge?

In the second stage of the research, Dr. Warmath measured and tracked financial wellbeing through survey items and cognitive interviews to create a wellbeing scale.

The CFPB Financial Wellbeing Study used the scale to measure the financial wellbeing of Americans. The average score was 54. The CFPB are now working towards exploring what the scores mean in terms of predicting life outcomes?

Dr. Warmath posed the question: What about the current and future dimensions of financial wellbeing? Financial wellbeing is having control over one’s finances, having the capacity to absorb a financial shock, being on track to meet financial goals, and being able to make the choices that allow one to enjoy life. It is one’s current money management stress and expected future financial security. These represent two distinct elements of financial wellbeing and have different antecedents or drivers.
Dr. Warmath’s presentation also raised the question, what role does financial wellbeing play in overall wellbeing? How a consumer feels about their financial situation has a causal relationship with wellbeing. A person’s income only has an impact to a certain point and then it has no further impact. **Financial wellbeing has a stronger relationship with overall wellbeing than relationships, health and job combined.**

It matters how the consumer perceives their financial situation. And most people are well calibrated to how they are doing. In other words, they do a good job assessing their financial situations. But there are times when an individual didn’t see hardship coming. This led Dr. Warmath to explore the relationship between vulnerability and financial hardship. At what point does vulnerability become hardship?

**Developing a financial warning system**

Consumers need better warning signals of impending hardship. Being able to measure vulnerability is important to preventing financial hardship. Vulnerability is both structural (location) and agentic (behaviour). **Do you have the motivation and capacity to take action?**

Dr. Warmath called for a system to identify the signs of financial hardship. She reminded the Summit participants that we have signals for other things, i.e. weather and health. But what about finances? We need a system that tells people when they are approaching the ‘financial cliff’ and an impending hardship. For example, if you know your vulnerability score, you can track how you’re doing and how close you are to the cut off that signals a financial cliff.

Financial vulnerability can provide a warning signal to consumers approaching the financial cliff while allowing others to stop worrying.

Dr. Warmath identified three indicators of vulnerability: demographics, behaviours and motivations. She found that agency (behaviours and social psychological factors) has the greatest effect on financial vulnerability, while demographics has the least effect on financial vulnerability.

It is useful to look at financial wellbeing against financial vulnerability. Two people with the same wellbeing score may have very different vulnerability scores. If someone is unable to work, has a low income, poor health, never pays bills on time, has no goal confidence, no connectedness to future health, and low financial literacy (knowledge and skill), then they are going to be more vulnerable. However, on average those with higher levels of vulnerability, usually have lower levels of wellbeing.
Panel: Innovations in research concepts and methodologies

Professor Arvid Hoffman, University of Adelaide

Dr. Dee Warmath, University of Georgia

Associate Professor Joanne Earl, Macquarie University

Facilitator: Professor Roslyn Russell

A panel discussion on the latest concepts and methodologies applied to the financial capability research included presentations from Professor Arvid Hoffman, Dr. Dee Warmath and Associate Professor Joanne Earl.

Professor Arvid Hoffman was invited to speak on his work to understand how individuals make complex financial decisions. Dr. Dee Warmath was invited to speak about her research which examines the importance of knowledge, education, and action in gaining financial skills. Associate Professor Joanne Earl was invited to share her research on the impact of time perspective in retirement financial wellbeing.

Professor Hoffman discussed how the effect of financial vulnerability is mediated by psychological characteristics and that psychological factors predict financial choices and literacy. In other words, besides practical skills and awareness, positive values and a sense of personal agency are vital to financial wellbeing.

He stated that psychological characteristics impact individuals differently depending on their environment and life-cycle stage. Vulnerable consumers are more likely to make poor financial choices and suffer more when service providers do not act with appropriate care. Subjective financial literacy or self-efficacy are vital to improve financial behaviour. This gives people the ability/resilience to deal with daily ways of managing money.

Dr. Warmath’s presentation focused on her findings that the level of financial knowledge doesn’t necessarily equate to the quality of financial decisions. Her research found a different relationship; the quality of financial decisions impacts on financial knowledge. In other words, people are learning from their mistakes and successes.

Dr. Warmath learned that:

- While important, fact-based knowledge matters less than being able to do financial research.
- Knowing when and how to learn is critical.
- What matters is education that allows you to act on a decision very close to when you make that decision.

Dr. Warmath defined financial skill as the ability to:

- recognize when more information is needed to make a good decision,
- know where to find reliable information to facilitate financial decisions, and
- use that information effectively in making and following through on the decisions made.

Associate Professor Joanne Earl presented a holistic view of living well in retirement, stating that the key resources that you need to be well adjusted are money, good health, social connections, motivation, emotional wellbeing, goal setting and cognition. Together they form a symbiotic relationship.
Associate Professor Earl discussed Zimbardo’s concept of Balanced Time Perspective (BTP) (*The Time Paradox: The New Psychology of Time That Will Change Your Life*, by Professor Philip Zimbardo and John Boyd Ph.D.) and how it relates to financial wellbeing in retirement. The balanced time perspective identifies an individual’s orientation towards the past, present and future, and whether the orientation is negative or positive.

Past perspectives will impact on your financial planning behaviour, for example, you may try to avoid your previous mistakes or focus mainly on the positives. It is not just future time perspective that predicts planning. People are also affected by past perspective, where individuals dwell on the past and ruminate about what went wrong. The present perspective can be either hedonistic or fatalistic, for example, do you live for the moment, or believe that nothing you do will make a difference? And future perspectives predict behaviours that involve planning for the future or the propensity to forego pleasure now.

Associate Professor Earl’s main finding is that time perspectives are relatively stable over time. Behaviour is dominated by one or more of the time perspectives.

Associate Professor Earl also highlighted the importance of multi-disciplinary research in retirement planning. Having multi-disciplinary advice givers, such as career planners and doctors, will also be important to prepare Australians for retirement.

Through her research, Jo has been creating an innovative strengths-based model to encourage people to do more planning through intervention. This approach helps people see where they are now and the benefits of using that knowledge for planning for the future (i.e. maintaining their lifestyle). It helps people envisage their future lifestyle. Jo is delivering online learning modules to older people who are comfortable using online facilities. She is working to understand their dominant time perspective. It is important to understand the psychological factors that influence people’s propensity to plan for the future to know how best to encourage more planning activity. That way we can measure their resources and happiness in retirement.
FinX Workshop: Driving innovation through shared experience.

Facilitated by: Ms. Nancy Castillo, General Manager, Program Team, Centre for Financial Services Innovation, USA

This workshop demonstrated the benefits of experiential learning vs. observational learning. The workshop activity involved participants engaging with an interactive game via an App to develop a deeper understanding of the complexity of consumers' financial lives.

The App is called ‘The Uber Game’. It was developed by The Financial Times and is used by FinX to help stakeholders reflect on what they're doing for consumers by understanding health, savings and planning.

The game highlights the lack of convenience, the importance of time, and the impact of scarcity when making financial decisions. The game also demonstrated how each financial decision can have flow-on effects to other decisions. It replicates how difficult it is for consumers to make clear and informed decisions.

The FinX workshops helps organisations, like financial institutions, academia, FinTech, media, government and non-profits to reflect on their impact in these real-life situations.

Participants’ one word reactions to playing the FinX game were:
Collaboration: What does it really mean for researchers? What works?

Dr. Abigail Powell, Senior Research Fellow, Centre for Social Impact, University of New South Wales.

Mr. Steve Trites, Manager of Research and Policy, Financial Consumer Agency of Canada, Canada.

Dr. Pushpa Wood, Director, Westpac-Massey Fin-Ed Centre, Massey University, New Zealand.

Facilitated by: Ms. Laura Higgins, Senior Executive Leader – Financial Capability, ASIC

These three speakers were invited to speak on the panel as they all have significant experience in collaboration across different sectors and settings. Dr. Abigail Powell has experience in working with, and delivering research for government, not-for-profits and industry. Mr. Steve Trites has conducted, lead and enabled research and policy analysis in the private, academic and public sectors. Dr. Pushpa Wood works across academia, industry and at the grass-roots level in diverse communities.

Dr. Powell provided lessons from the frontline through her experience of working across industry and academia. Dr. Powell’s tips are:

1. Agree on what you mean by collaboration
2. Be clear on purpose, goals, and outcomes that you are trying to achieve
3. Ensure clear roles and responsibilities
4. Don’t make assumptions
5. Balance rigour and practicality
6. Communicate and evaluate

Dr. Powell also shared the Collaboration Health Assessment Tool (CHAT) which is an evidence based, free online tool to assess collaborative partnerships. The tool can be used numerous times throughout the collaboration: http://chat.csi.edu.au

Steve Trites shared his experiences, at the Financial Consumer Agency of Canada (FCAC), of generating evidence through collaboration and co-ordination.

What has worked:
- Conferences
- Advice on Research Direction
- Informing design of research and products
- Communicating simple messages

What hasn’t worked as well:
- Funding academic work
- Transferring findings into action broadly
- Co-creating academic work
- Building skills and capacity
- Developing infrastructure
What FCAC are trying next:

- Establishing excellence in practices
- Networks for co-creating
- Building infrastructure to make data available

Dr. Pushpa Wood sees herself as a ‘pracademic'; a practical academic. Dr. Wood’s centre is a collaboration between Westpac and Massey Uni and the relationship is mutually beneficial for funding and credibility. The research work provides free publicity for industry. Dr. Wood highlighted that collaboration has its challenges, such as academic funding structures, that sometimes encourage individual work rather than collective thinking and results. However, Dr. Wood cares more that information is published so that it can have an impact on those who need it. Dr. Wood described a two-tier publication system where there is a periodic report published during the project. This keeps the funders/partners happy while the academic continues towards a longer publication at the end of the project.

Dr. Wood left the Summit delegates with the following thoughts:

- Communicate to industry of the value of your research work.
- Leave your ego on the shelf and come for the purpose that you’re there for.
- Before going into any collaboration, ask yourself, “Do I need or want this collaboration?” The answer will determine your approach.

**Collaboration tips**

The following are tips from the panel’s extensive experience in collaboration across many sectors, and are drawn from their successes, failures and learnings.

- **Do you need to collaborate?**
  What other types of relationships will be more appropriate? Consider how you want to work together, as this will define your approach.

- **Clarify the project scope, roles and responsibilities.**
  From the beginning, make sure that all partners are clear about what they are all trying to achieve. This will create a roadmap for the project and help when things change. It will test assumptions and make sure that things are clearly articulated.

- **Mutually beneficial.**
  Make sure that each partner is both contributing and benefiting from the collaboration. This means that you should believe in the value of your work, and you may need to help your partners recognize that too.

- **Communicate clearly and frequently to nurture the relationship.**
  To succeed, it is important that relationships are respectful and trusting. This will help if mistakes are made, or things change unexpectedly. So, communicate often and openly. Also tend to relationships in the quiet times as this will help identify opportunities and build a foundation of trust.

- **Choose your battles.**
  Keep the project goals in mind as you progress through the project. Leave your ego at the door as you all work in service of the shared outcomes.
• **Find win/win solutions for everyone.**
  Partnerships might include very different groups including funders, government, academics and audiences. Each group might have a different reason for collaborating. Consider solutions that will help all partners achieve their goals. There should be at least two solutions for every problem. See the two-tier publication system below as a good win/win solution.

• **Two tier publication system.**
  Consider publishing an interim report that will benefit industry partners and quickly share learnings with the people who need it. A longer paper can then be published at the end of the project to satisfy academic requirements.

• **Be a Pracademic.**
  This means be a practical academic and focus on getting the knowledge and skills to those who need it. Consider how the work can have the most impact building financial capability in the communities and beyond.
Research into action

Facilitated by: Ms. Emily Ross, Director, Emily Ross Bespoke

Working in groups that were organized around a shared focus, the participants reported back on the top conversation points of the Summit. They discussed the following questions:

1. How do you see your research project(s) contributing to financial capability research?
2. Based on your briefings throughout the conference, can you identify any research gaps in the National Financial Capability Research Roadmap?
3. What do you see as barriers to research collaboration?
4. Can you nominate three high impact research ideas you have encountered during this Summit?

The following is a summary of themes and ideas that came from the delegates in their working groups.

Financial capability for women:
- A focus on older and younger people.
- Education at school and socialization at home.
- Need for gender budgeting and policy. Australia and NZ to come together.

Decision-making behaviours:
- The need to put consumers at the centre of what we do.
- We need to broaden out our disciplines to have a bigger understanding.

Innovative research methods:
- ASIC to develop and host a databank; quantitative and qualitative data.
- There’s a lot that we don’t know, that we need to know, if we want to progress.
- A well-informed index. The results should resonate with different views.
- Realising and mapping out what social impact looks like.

Consumer protection:
- Taking our research and translating into practice. Transformation piece.
- Recognise the value of projects where the interventions aren’t as tangible or short-term. We need to keep chipping away.

Financial hardship ‘off the cliff’:
- Looking at households rather than just individuals.
- Looking at the issues with a diverse approach – resources distribution.

Indigenous financial literacy:
- This summit hasn’t had a lot of discussion on indigenous financial literacy.
- Research that shouldn’t be based on a narrative of a deficit model. It’s a holistic methodology. Implement a new way of doing, a bottom up approach, going into our communities, and working with our people. This approach can be embraced in any future collaborative research.
Conclusions of the Summit

The two key themes of the Summit were the importance of creating a rich research ecosystem, and the need to move beyond a singular focus on financial education.

Importance of creating a rich research ecosystem

An important part of the Summit was to explore how we can best coordinate research, so it can be effectively targeted towards the elements that matter in building financial capability.

Summit discussions returned repeatedly to the value of a multidisciplinary research approach because financial wellbeing is impacted by many factors including psychological, social, income, employment, health, culture, regulation and the economy. Since financial capability is a relatively recent research field it will benefit from cross-discipline methodologies, concepts and approaches.

The research ecosystem in financial wellbeing and financial capability is emerging but growing quickly and will benefit from greater collaboration, co-ordination and support.

Research opportunities identified by the delegates:

“Focus on building relevant data and infrastructure that can be systematically analysed to increase our understanding of issues especially in the Australian context.”

“The development of an integrated program of academic research, transformative research to practice/evaluation.”

“Definition of financial capability and how this can be measured in a concise and easily implemented manner.”

“A centre of excellence for financial capability – modelled on Centre for Excellence of Population and Ageing (CEPAR).”

“Multi-methodological collaboration. People tend to stay within their context/silos.”
Beyond financial education

We have learned over the last few years that financial literacy or knowledge alone contributes little to financial wellbeing. What does this mean for our research efforts in understanding how to generate financial wellbeing? How can we better communicate, and work together, to get the right information to those who need it?

Following is a summary of implications from the Summit in building financial capabilities of Australians:

1. Identify the skills and capabilities that matter:
   - Knowing when and where to seek information and assistance with financial decisions.
   - Knowing how to use the information effectively, how to follow through on decisions.

2. It is important that education allows an individual to practice a decision very close in time to making that decision.

3. Knowledge and skills need to accompany high quality products and services that are practical, useful, timely and ongoing.

4. Not one solution will fit all. Individual context has a significant impact on how to best develop financial capabilities and achieve financial wellbeing.

5. Financial capabilities and decisions are not isolated from other events in a household. There is a ripple effect from each financial decision.

6. There needs to be systemic change to create an environment that is conducive to individuals' financial wellbeing as well as individual capability development.

7. Specific communication tools can support the sharing of knowledge and building financial skills. For example, Steve Trites shared the FCAC’s use of technology to help connect with key audiences, such as apps and ‘nudges’ that remind people of key information in a timely and targeted way.

8. Having a robust communication strategy is also important. There were interesting examples provided, including Dr. Pushpa Wood’s (Massey University) two-tier publishing system and Mr. Steve Trites’ media and publication launch strategy that built on the buzz surrounding key events (see ‘Collaboration tips’ and ‘Building financial capabilities in Canada: Lessons for Australia’ above).
Recommendations for next steps

Delegates were called upon for ideas to progress the research in financial capabilities and achieve the goals of the National Financial Capabilities Strategy. The following is a summary of the collection of those ideas:

- ASIC could act as a **data warehouse** to accelerate research.

- **More events** like this Summit with specific foci. Future events could have different and specific focus on financial capability in different contexts and cohorts, for example, Indigenous people, women, young people, older people, cultural perspectives, and technology. ASIC could form a subcommittee to curate future focus.

- **Build the global network** to progress the international and multi-disciplinary understanding of the financial capability research sector.

- **Improve and change structures** to legitimize and support a multidisciplinary approach to financial capability.

- **Harness the enthusiasm** and keep the momentum going through ‘thick’ research, knowledge sharing and collaboration.

- ASIC to host academics.

Calls to action

- **Join ASIC’s Financial Wellbeing Forum** at financialcapability.gov.au

- **Publish articles and papers** on financial capability and financial wellbeing to share knowledge and increase an understanding of this research field.
Appendices
Appendix One

Summit Agenda
# Agenda

## Day 1

**Thursday, 6th December 2018**

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
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<tbody>
<tr>
<td>12noon - 1:00pm</td>
<td>Arrival and casual networking luncheon</td>
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<tr>
<td>1:00 - 1:30pm</td>
<td><strong>Session 1: Introductory addresses</strong></td>
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<td>Welcome to Country</td>
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<td>Welcome address</td>
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<td></td>
<td><strong>Why are we here? Aims and planned outcomes of the summit.</strong></td>
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<td></td>
<td><strong>Professor Roslyn Russell, School of Economics, Finance &amp; Marketing, College of Business, RMIT University</strong></td>
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<tr>
<td>1:30 - 2:00pm</td>
<td><strong>Peer Briefing</strong></td>
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<td><strong>The National Financial Capability Research Roadmap</strong></td>
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<td>Ms Laura Higgins, Senior Executive Leader – Financial Capability, ASIC</td>
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<tr>
<td>2:00 - 2:45pm</td>
<td><strong>Session 2: Building financial capabilities in Canada: Lessons for Australia</strong></td>
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<td></td>
<td>Mr Steve Trites, Manager of Research and Policy, Financial Consumer Agency of Canada, Canada</td>
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<td></td>
<td>The Financial Consumer Agency of Canada (FCAC) has created a vibrant and coordinated research program that provides a strong foundation for policy and practice in building financial capabilities in Canada. In this session, Steve will provide insights into the journey the FCAC has undertaken, key processes, the outcomes and lessons learned to date.</td>
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<td></td>
<td>Q&amp;A</td>
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<td>2:45 - 3:00pm</td>
<td><strong>Session 3: Innovations in measuring financial health and understanding financial lives</strong></td>
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<td>Ms Nancy Castillo, General Manager, Program Team, Centre for Financial Services Innovation, USA</td>
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<td>Ms Thea Garon, Director, Program Team, Centre for Financial Services Innovation, USA</td>
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<td>Nancy and Thea will share this session and give brand new insights into CFSI's U.S. Financial Health Pulse, a ground-breaking and rigorous research initiative to understand and provide a regularly refreshed snapshot of the financial health of U.S. households. We will also hear the inside story of the U.S. Financial Diaries study, a joint initiative of CFSI and NYU Wagner's Financial Access Initiative (FAI).</td>
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<td></td>
<td>Q&amp;A</td>
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<tr>
<td>3:00 - 4:00pm</td>
<td><strong>Session 4: Building research relationships</strong></td>
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<td>Mapping &amp; matching exercise: What are we doing, who can we work with?</td>
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<td>This interactive session will provide an opportunity for all delegates to introduce their work and research focus areas with a view to brokering collaboration throughout the research summit.</td>
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<td>Facilitated activity: Ms Emily Ross, Director, Emily Ross Bespoke</td>
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<tr>
<td>4:00 - 5:00pm</td>
<td><strong>Cocktail event, Pan Pacific Melbourne, Woodside Terrace</strong></td>
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<td>5:00 - 7:00pm</td>
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### Day 2

#### Friday, 7th December 2018

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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<tbody>
<tr>
<td>9:00 - 9:30am</td>
<td>Arrival tea and coffee</td>
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<td>9:30 - 10:00am</td>
<td><strong>Session 5: Address from the Chair</strong>&lt;br&gt;Delivering on our vision for the National Financial Capability Strategy&lt;br&gt;<em>Mr James Shipton, Chair, ASIC</em></td>
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<td>10:00 - 10:45am</td>
<td><strong>Session 6: Moving toward a holistic framework for financial wellbeing</strong>&lt;br&gt;Dr Dee Warmath, Department of Financial Planning, Housing and Consumer Economics, University of Georgia, USA&lt;br&gt;The research conducted by the U.S. Consumer Financial Protection Bureau (CFPB) has contributed heavily to our current understanding of financial wellbeing. In this session, Dee will present the latest research on financial wellbeing and vulnerability in the U.S., including the factors that are associated with achieving higher levels of financial wellbeing. The findings have significant implications for effective financial education efforts.&lt;br&gt;Q&amp;A</td>
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<td>10:45 - 11:00am</td>
<td>Morning tea</td>
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<td>11:00 - 12:15pm</td>
<td><strong>Session 7: Innovations in concepts, methodologies in understanding financial capability</strong>&lt;br&gt;A panel discussion on new research, concepts and methods that will help us better understand the enablers and barriers to building financial capabilities.&lt;br&gt;<strong>Using the past, present and future to inform retirement planning.</strong>&lt;br&gt;Assoc. Professor Joanne Earl, Associate Professor, Department of Psychology, Macquarie University&lt;br&gt;One size fits all? Psychological characteristics, latent heterogeneity and financial vulnerability.&lt;br&gt;Professor Arvid Hoffmann, Professor of Marketing at the University of Adelaide Business School&lt;br&gt;<strong>Outside-in innovation: The discovery of financial skill.</strong>&lt;br&gt;Dr Dee Warmath, Assistant Professor, Department of Financial Planning, Housing and Consumer Economics, University of Georgia&lt;br&gt;Session facilitated by Professor Roslyn Russell, School of Economics, Finance &amp; Marketing, College of Business, RMIT University</td>
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<td>12:15 - 1:00pm</td>
<td><strong>Session 8: FinX Workshop</strong>&lt;br&gt;A workshop designed by the Centre for Financial Services Innovation (CFSI) to lead to a deeper understanding of the complexity of consumers’ financial lives.&lt;br&gt;Facilitated by Ms Nancy Castillo, General Manager, Program Team, Centre for Financial Services Innovation, Chicago, USA</td>
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<td>1:00 - 1:45pm</td>
<td>Lunch</td>
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<td>1:45 - 3:00pm</td>
<td><strong>Session 9: Collaboration: What does it really mean for researchers? What works?</strong>&lt;br&gt;A panel discussion on collaboration practices (and tactics). How leading researchers work across disciplines, departments, institutions, sectors and oceans featuring:&lt;br&gt;<strong>Working across academia and industry.</strong>&lt;br&gt;Dr Abigail Powell, Senior Research Fellow, Centre for Social Impact, University of New South Wales&lt;br&gt;<strong>Generating evidence through collaboration and coordination.</strong>&lt;br&gt;Mr Steve Trites, Manager of Research and Policy, FCAC, Canada&lt;br&gt;Collaboration with others: Does it really work in the academic world?&lt;br&gt;Dr Pushpa Wood, Director, Westpac-Massey Fin-Ed Centre, Massey University, New Zealand&lt;br&gt;Session facilitated by: Ms Laura Higgins, Senior Executive Leader – Financial Capability, ASIC</td>
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<tr>
<td>3:00 - 3:15pm</td>
<td>Afternoon tea</td>
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<td>3:15 - 4:15pm</td>
<td><strong>Session 10: Research into action</strong>&lt;br&gt;Harnessing ideas from delegates, keynote speakers, identify outcomes, new collaborations&lt;br&gt;Session facilitated by Ms Emily Ross, Director, Emily Ross Bespoke</td>
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<tr>
<td>4:15 - 4:30pm</td>
<td>Closing remarks: Where to from here?</td>
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Appendix Two

ASIC Discussion Document
TOWARDS A NATIONAL FINANCIAL CAPABILITY RESEARCH ROADMAP

financialcapability.gov.au
Towards a National Financial Capability Research Roadmap

The National Financial Capability Strategy aims for all Australians to be in control of their financial lives. The National Strategy highlights the importance of key behaviours, including managing money day-to-day, planning for the future and making informed decisions. A commitment to educate, inform and support people to be empowered and better equipped when engaging with the financial system is key to the strategy.

To better understand how to do this effectively, including understanding the factors that impact financial decision making, a clear and cohesive approach to research and evaluation is essential.

Under the National Strategy, ASIC will release a National Financial Capability Research Roadmap in 2019 to strengthen and support an evidence-based approach to policy, programs and initiatives.

To inform the Research Roadmap, ASIC engaged RMIT University to organise an event to bring together academics across disciplines, and from across Australia, New Zealand and North America, to consider key issues related to financial capability.

Ahead of this event, ASIC consulted widely with the academic community to inform a snapshot of the current research landscape and to explore potential focus areas for future research.

Responding to discussion questions

Delegates to the Building Financial Capabilities Together research summit (6-7 December 2018) are invited to comment on a number of discussion questions to shape the Research Roadmap.

Please share your thoughts with us at financial.capability@asic.gov.au, using the subject line: Research Roadmap feedback, before 28 February 2019.

financialcapability.gov.au

ASIC provides a platform for the financial capability community to share and promote research through the financial capability website and newsletter as well as hosting regular network events through the Financial Capability Community of Practice. If you are not already a member of the network you can join at financialcapability.gov.au.
Future research agenda

A National Financial Capability Research Roadmap will identify focus areas for a future research agenda. Consultation with the sector to date suggests that there are opportunities to focus on:

- specific needs for individual situations and circumstances
- the context in which people make financial decisions
- the application of innovative research methodologies

The Research Roadmap is intended to guide future research, by drawing on existing research to identify gaps and support opportunities to work collaboratively to address these gaps.

FOR DISCUSSION:

Which focus area would you prioritise?

What additional focus areas should be considered?
Focus areas for future research

Specific needs

Consultation with academics has highlighted the importance of a deeper understanding of individuals’ specific needs, particularly those who may be more vulnerable because of their life stage, situation or circumstance.

The National Strategy consultation process identified a number of priority audiences. Researchers have also highlighted groups who face unique challenges and circumstances.

Among these groups are:

- young people
- low income households
- Indigenous Australians
- older Australians
- women
- people with disability
- people who are geographically isolated
- people with culturally and linguistically diverse backgrounds
- people affected by domestic or family violence and other forms of abuse
- people with a mental illness

This list is neither exhaustive nor definitive, and people can belong to multiple groups and face multiple intersecting or compounding challenges that can affect their financial situation.

FOR DISCUSSION:

*What existing research are you aware of that addresses the needs of specific groups?*

*What should we be doing to better understand the challenges faced by different groups?*
The context of financial decisions

To understand the role financial capability plays throughout a person’s life, it can be important to identify how people draw on and integrate information sources, expert advice and how they are influenced by social and economic contexts when making financial decisions.

Financial capability is one of many factors that contribute to effective decision-making and financial outcomes. For example:

- financial confidence or self-efficacy interacts with financial capability and financial knowledge
- personality and psychological factors, such as motivation and self-confidence, are important determinants of financial capability and behaviours
- biases can influence decisions, leading to poor financial outcomes
- social capital, financial inclusion, income, health and demographics also play a role.

There are many contextual factors that influence financial wellbeing. For example:

- financial choices may be heavily shaped by an individual’s social, cultural and economic context
- macroeconomic factors can influence financial outcomes by shaping the options people have and the choices they make
- changes in government policies can result in lower or higher levels of financial risk for individuals and households
- the way in which financial choices are shaped and structured can have important, system-wide impacts on financial outcomes

Evidence-based conceptual models, linking financial capability to the broad range of factors and contextual influences that shape financial outcomes, could be useful to inform and effectively evaluate interventions.

FOR DISCUSSION:

How do we better understand the social and economic context in which people make financial decisions?
Innovative research methodologies

Because of various constraints, many studies of financial capability and related concepts have used cross-sectional survey methodologies that examine behaviour at a point in time.

A number of researchers have highlighted the value of supporting approaches that expand beyond point in time surveys to provide a deeper understanding of financial capability.

Building on this, research methodologies such as diary studies, neurological scanning, longitudinal studies such as the Household, Income and Labour Dynamics in Australia (HILDA) survey and other approaches, offer opportunities to significantly expand understanding of financial capability.

FOR DISCUSSION:

What research methodologies do you think hold the most promise for future research on financial capability?
Building on existing research

Academic research is essential to the work of practitioners across Australia as it expands understanding of financial capability and the development of targeted interventions.

Researchers have studied financial capability, as well as related frameworks and concepts such as financial literacy, financial self-efficacy, financial wellbeing, financial resilience and financial inclusion. In practice, different surveys and research projects may measure distinct concepts in varying ways.

In preparing for the Building Financial Capability Together research summit, academics submitted updates on their research achievements and objectives. This existing body of work will inform the Research Roadmap and highlight gaps and opportunities.

Academic disciplines approach financial capability and related subject areas with a range of theoretical frameworks and research methodologies. For example, educational researchers, economists, actuaries, tax experts, psychologists, neuroscientists and consumer behaviour researchers all have different starting points and areas of interest. Financial services providers may be able to provide valuable datasets, insights and research programs that can contribute to a deeper understanding of financial capability.

Bringing together researchers from multiple disciplines provides exciting opportunities for integration and synthesis, and for inter-disciplinary collaboration.

FOR DISCUSSION:

What existing research should inform the development of the Research Roadmap?

What gaps or opportunities have you identified in your research that could be explored further?
Supporting collaborative research

There is agreement that there would be value in establishing a stronger financial capability research community - a community that collaborates across institutional and disciplinary boundaries and addresses priority areas that can effectively inform the foundation of programs and initiatives in development, implementation and evaluation phases.

A National Financial Capability Research Roadmap will provide a mechanism for consultation with the academic sector, encourage and support multi-disciplinary collaboration, and widely disseminate ideas, opportunities and findings.

FOR DISCUSSION:

What are the barriers to and the opportunities for collaboration we need to consider?

How can ASIC best support the financial capability research community?

Discussion questions

1. Which focus area would you prioritise?
2. What additional focus areas should be considered?
3. What existing research are you aware of that addresses the needs of specific groups?
4. What should we be doing to better understand the challenges faced by different groups?
5. How do we better understand the social and economic context in which people make financial decisions?
6. What research methodologies do you think hold the most promise for future research on financial capability?
7. What existing research should inform the development of the Research Roadmap?
8. What gaps or opportunities have you identified in your research that could be explored further?
9. What are the barriers to and the opportunities for collaboration we need to consider?
10. How can ASIC best support the financial capability research community?