TE ARA AHUNGA ORA
Retirement Commission

New Zealand Financial Capability Survey 2021

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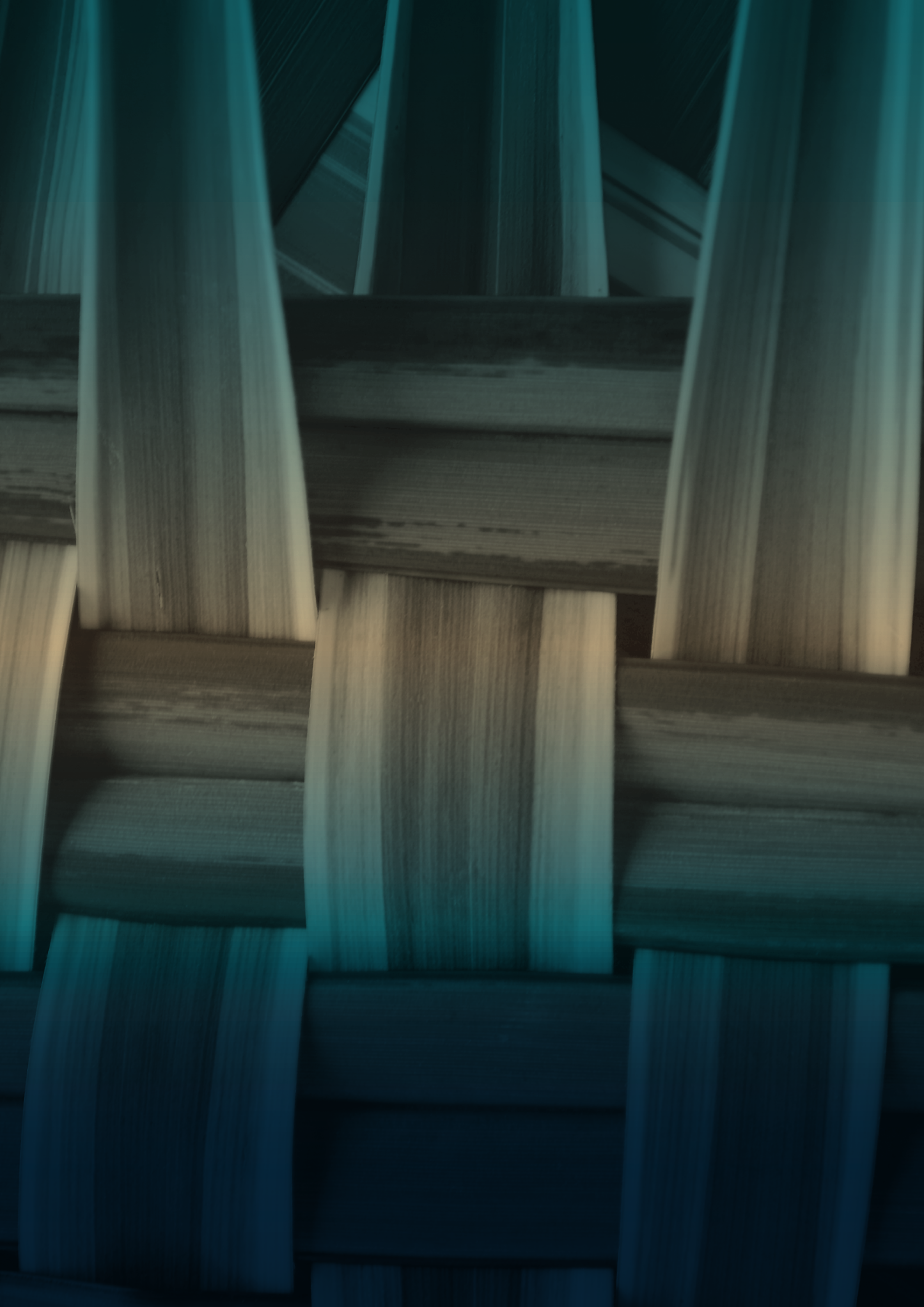
Te Kāwanatanga o Aotearoa
New Zealand Government



Introduction

Financial capability is the ability to manage money well. In practice, financial capability is a complex set of behaviours, knowledge and attitudes, as wide-ranging as budgeting, understanding financial products, having a long-term perspective, regular saving, doing research, and confidence in one's ability to make good financial decisions. A person may be very good at all of these components, but may also be good at some of them and below average on others.

To reflect how financial capability works in real life, professor Elaine Kempson designed a financial capability framework based on interviews and focus groups in several countries.[1] This framework contains 21 components of financial capability, which are each scored on a scale of 0 to 100.[2] This level of detail allows us to identify the strengths and weaknesses in financial capabilities across the New Zealand population, as well as within specific population groups. This in turn helps us design targeted interventions for the most impact.

The outcome of financial capability is financial wellbeing. Financial wellbeing is defined as the extent to which someone is able to meet all their current commitments and needs comfortably, and has the financial resilience to maintain this in the future. The survey contains a measure of overall financial wellbeing, as well as three sub-measures, from the same framework, and a separate outcome measure of preparedness for retirement. The report identifies the financial capability strengths and needs, and the demographic profiles of segments across the financial wellbeing spectrum.

This comprehensive annual survey will be valuable in informing the work of the National Strategy for Financial Capability. The National Strategy provides a framework for collaboration, communication and knowledge sharing across the Financial Capability community. The community includes government, industry, iwi and non-profit organisations, all working independently toward helping people gain the skills they need to be able to achieve their goals and, ultimately, retire with confidence.

To understand which of the personal and financial circumstances determine the distribution of financial capability and wellbeing scores, we ran an OLS regression analysis for each of the components. The advantage of this method of analysis, compared with simple tables, is that it is possible to identify the independent influence of each item, while taking all other items in the analysis into account. In simple terms, when we consider the influence of, say, gender on financial wellbeing, the analysis allows us to compare the scores of men and women whose other circumstances are effectively identical. This is referred to as 'controlling for other factors'. A separately published technical report describes the process used to calculate the scores and reports regression results.

This report is organised as follows:

- Executive summary
- Information about the sample and the questionnaire
- Explanation of the model and its components
- Overview of financial wellbeing results and financial wellbeing segments, and implications for policy and practice
- Overview of financial capability components, and implications for policy and practice
- Tables

This initial report presents data at the level of New Zealand's adult population. Analysis by gender, ethnicity, age and other factors, as well as a deeper look at specific topics such as retirement, will follow in separate reports to facilitate focused discussion of each of these topics. These will also be shared with the National Strategy community to feed information into projects undertaken to improve financial capability outcomes, particularly among groups for whom research shows that improved financial capability would make a significant impact on their lives – women, Māori and Pacific peoples.

1 Kempson, E. and C. Poppe. 2018. Understanding Financial Well-Being and Capability. A Revised Model and Comprehensive Analysis. Oslo: SIFO, Oslo Metropolitan University.

2 Each of the components is measured using a set of questions. The technical report accompanying this report explains the methodology of constructing the scores.

Executive summary

- Overall financial wellbeing across the New Zealand population (a combination of meeting commitments, being financially comfortable and resilience for the future) is 61 out of 100.
- Socio-economic factors explain some of the differences in financial wellbeing outcomes but financial behaviour, knowledge and psychological factors explain, in almost all cases, more of the difference. This shows that financial wellbeing outcomes are not completely determined by income, and changing behaviours and attitudes and equipping people with knowledge can shift the dial.
- At the same time, the impact of socio-economic variables on financial wellbeing outcomes means that we need to acknowledge the limitations of financial capability initiatives and the role of broader social welfare, housing and health policies in financial wellbeing.
- The behaviours that have the greatest impact on financial wellbeing, and where investment will bring the greatest payoff, are active saving, spending restraint, not borrowing for everyday expenses, informed financial product choice and financial inclusion.
- New Zealand is good with the basics of financial capability (budget, keeping track of money) and these are strengths we can build on. However, we perform worse on more advanced financial capabilities (long-term savings, informed choice of financial products).
- The above results reflect good support for budgeting, such as Sorted budgeting tools and other budget-focused services. We could consider providing similar support for further steps in people's financial journey.
- The choice and use of financial products are a gap in New Zealanders' financial capability, especially for women. This is something that can be effectively addressed with knowledge and experience and could be addressed by providing more resources on how to compare, understand and choose financial products. The financial services industry can also contribute by designing products that are easy to understand and compare.
- Psychological factors such as financial locus of control or financial confidence contribute to financial wellbeing, everything else being equal. We could consider providing more support for changing or overcoming attitudes. Young people are the group who would benefit the most from such support.
- Data identifies women, Māori and Pacific peoples as large populations where help is needed the most. All these groups achieve lower financial wellbeing outcomes, especially in resilience for the future. Each of these populations has distinct needs and strengths. This data reinforces the intention of the National Strategy for Financial Capability to focus its work to improve outcomes for these three groups in particular.
- Women are, on average, better than men in a range of financial capabilities related to day-to-day money management, as well as psychological factors such as impulsivity control and attitudes to saving, spending and borrowing. Still, they achieve worse outcomes even after controlling for socio-economic factors. The greatest area of need is related to financial products (informed choice, comparing financial products) and understanding of risk.
- For Māori, support is needed especially for not using credit for consumption and improving knowledge of money management and active saving. Data also suggests that Māori convert the same level of knowledge and resources into greater financial wellbeing compared to Pākeha, which means that investment in Māori financial capability can bring disproportionate payoffs in terms of improved financial wellbeing.
- Pacific peoples have the lowest financial confidence of all groups, and areas of need include not borrowing for day-to-day expenses, understanding of risk, knowledge how to choose and compare financial products and informed financial decision-making.
- Other groups with financial capability needs are people who experienced a drop in income or increase in expenditure, parents, people with disabilities, and people without access to help from friends and family.
- Among countries that did this survey, New Zealand's score is at the top or near the top for: keeping track of money, planning use of income and understanding of risk.
- Among countries that did this survey, New Zealand's score is at the bottom or near the bottom for: spending restraint, not borrowing for day-to-day expenses, informed product choice, financial inclusion, financial locus of control and financial confidence.

The survey questionnaire and sample

Administered by Dynata Ltd, Te Ara Ahunga Ora's financial capability survey 2021 was fielded between 26 February and 19 March 2021. The sample (3,027) reflects New Zealand's adult population and was based on the Research Now panel, which is a selection of people over the age of 18 who are randomly recruited through multiple channels. The panel recruits by both open-enrolment and invitation-only models, and recruitment campaigns are designed to specifically target hard-to-reach population segments by applying tailored campaigns. Panellists are rewarded for taking part in surveys with a structured incentive scheme, reflecting the length of the survey and the nature of the sample. Panellists are supported by a dedicated team and have the option to unsubscribe at any time. Panel management is compliant with industry standards, and data protection and privacy laws. The size of the panel (250,000) allows researchers to draw representative samples, and since the panellists' background characteristics are already mapped, it is possible to address the survey directly to the target population.

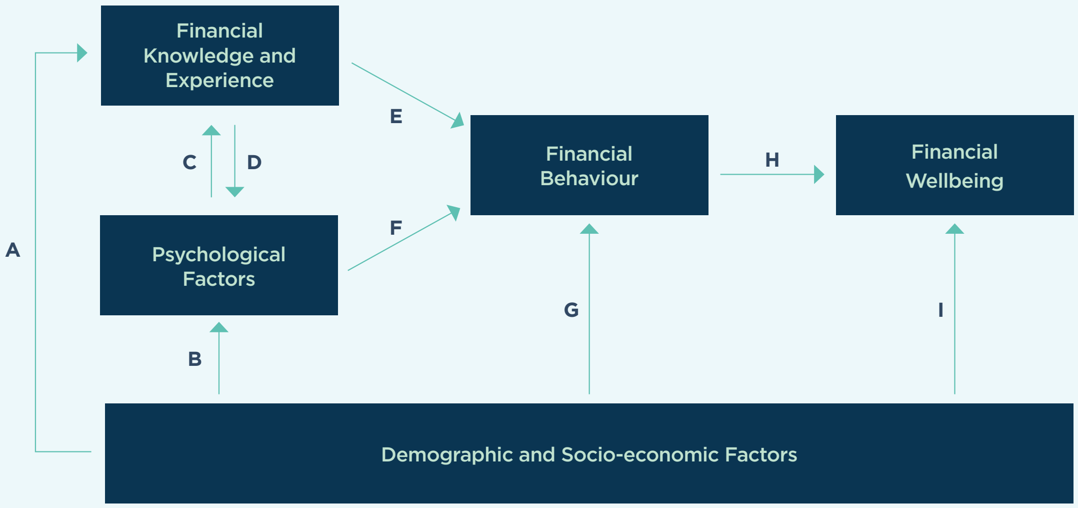
The population in this survey was prestratified by age, gender, place of residence and ethnicity. Respondents were drawn randomly within each stratum. 4796 invitations were sent; out of those who started the survey, 516 forms were incomplete and not included in the final sample, and 110 were removed for inconsistent responses, to achieve the final sample of 3,027. The number of observations used in the analysis (2,775) is, however, somewhat lower. This is because respondents who replied 'don't know' or 'prefer not to answer' to 10% or more of the questions were removed. In addition, some cases of young people living with their parents were removed because these respondents were confusing their personal finances and the household's (their parents') finances in their responses, answering some of the questions in relation to their personal finances and some in relation to their parents' finances.

The original survey instrument was first designed to measure financial capability in the UK and was ground-breaking at that time because its primary focus was on behaviours and measuring levels of financial capability, rather than focusing on knowledge and skills as in many previous studies of financial literacy. Since then the survey instrument has been further refined and developed, most notably in a large-scale project involving 12 countries that was undertaken by the World Bank. More recently, it was used in Canada, Norway, Ireland and Australia. The present study uses the approach and questionnaire that was developed in Ireland, adapted to the New Zealand situation.

When the report mentions socio-economic factors, these factors include age, gender, ethnicity, employment status, household income, main source of household income, relationship status, dependent children, education, housing tenure, whether born in New Zealand, whether affected by a chronic health condition, whether there is access to support from friends and family, and whether there was a substantial decrease in income or increase in expenditure in the last year. Regression tables are available in the technical report available separately from the Te Ara Ahunga Ora website.

The financial capability and wellbeing model

The financial capability model is outlined in Figure 1.[3]



A Demographic and socio-economic factors (such as age, income, family and housing) have an impact on the opportunities to gain financial knowledge and experience. For example, parents' financial knowledge may be shared with children. Some workplaces can facilitate or subsidise access to financial products such as health insurance or financial education.

B Demographic and socio-economic factors also affect psychological factors. For example, impulse control and self-control are skills people generally get better at with age and experience. Insufficient income makes it harder to develop long-term thinking because immediate needs require full attention.

C Psychological factors influence knowledge and experience because they affect what a person is willing to do. For example, someone with a low (external) financial locus of control may believe that learning about money is of no use. People with low action orientation (tendency to procrastinate) may delay learning or acquiring financial products even if there are no other barriers.

D Financial knowledge and experience can shift psychological factors, for example, acquiring financial knowledge and experience can increase financial confidence. Understanding how to plan spending can help improve impulsivity control.

E The link between financial knowledge and experience, and financial behaviour requires the least explanation. Some financial behaviours require prior financial knowledge. A more important point is that financial knowledge is not the sole determinant of financial behaviour.

F Psychological factors can affect financial behaviour, for example, people who have a longer time horizon are more likely to plan for retirement earlier, and those lacking confidence may avoid dealing with finances.

3 This is a simplified version of the model. Some of the behaviours support other behaviours, and psychological factors may be linked to specific behaviours. For a more detailed version of the model, see Kempson, E. and C. Poppe. 2018. Understanding Financial Well-Being and Capability. A Revised Model and Comprehensive Analysis. Oslo: SIFO, Oslo Metropolitan University.

G Demographic and socio-economic factors affect financial behaviour in many ways. Income level can limit the range of possible choices (for example, saving money or being able to afford insurance) or make keeping track of money necessary rather than optional. Financial priorities (for example, spending to impress others or active saving) are affected by the norms and priorities of one's family and peer group.

H Better financial behaviour results in higher financial wellbeing. For example, people who save regularly are more likely to have an emergency fund.

I However, financial wellbeing is also affected by demographic and socio-economic factors, especially income, but also family situation, life stage, employment status, and others. Still, financial behaviour matters, and people in the same circumstances will achieve different financial wellbeing outcomes if their behaviour differs.

The components of financial capability and financial wellbeing

All components in the table below are scored on a scale from 0 to 100, with a higher number being better in terms of financial capability. The content of each component and how it affects financial outcomes is listed below.

Financial behaviours	Financial knowledge and experience	Psychological factors	Financial wellbeing (outcome)
Keeping track of money	Knowledge of money management	Long-term thinking	Overall financial wellbeing
Planning use of income	Experience of money management	Impulsivity control	Meeting commitments
Spending restraint	Knowledge how to compare financial products	Lack of concern about social status	Financially comfortable
Active saving	Financial inclusion	Self-control	Resilience for the future
Not borrowing for day-to-day expenses	Understanding of risk	Financial confidence	Preparedness for retirement
Restrained use of consumer credit		Financial locus of control	
Informed financial decision-making		Action orientation	
Informed product choice		Attitudes to saving, spending and borrowing	

Financial wellbeing

Financial wellbeing has three measures:

Meeting commitments is a measure of the extent to which someone has enough money for food and expenses and ability to pay bills and credit commitments on time. This is a measure of short-term financial wellbeing.

Being financially comfortable measures the extent to which someone has enough money over and above the bare necessities – having money left over at the end of the month, the ability to enjoy life, confidence about one's financial situation in the next 12 months, and self-assessment of how good/bad one's financial situation is. This is the medium to long-term financial wellbeing.

Resilience for the future measures the extent to which someone has access to resources in case of an emergency or fall in income.

Overall financial wellbeing is a combination of all three above measures.

Preparedness for retirement measures how well people are financially prepared for retirement. This is a separate outcome measure and is not part of the measurement of overall financial wellbeing.

Financial behaviours

Financial behaviours affect financial wellbeing, either directly or indirectly (by affecting other behaviours).

Keeping track of money is knowing how much money is being spent and how much is left over in the current income period. It is the most basic form of money management – not keeping track increases the risk of spending more than one earns and getting into overdraft or having to borrow when the money runs out.

Planning use of income is what is often called having a budget (or a spending plan). This component measures not only having a budget, but how detailed the budget is and how well the person keeps to the budget. Planning use of income helps prevent overspending or mindless spending. Having a budget also makes it easier to identify potential savings.

Spending restraint means not overspending, that is, not spending on things we don't really need or cannot afford. Overspending may happen for many reasons, from lack of planning to succumbing to an impulse. In any case, being able to control one's spending is essential to keeping to the budget, and uncontrolled spending increases the risk of getting into debt.

Active saving is deliberate, regular saving (as opposed to saving only what is 'left over' at the end of a pay period or not saving at all). Even if the amounts saved are small, regular savings accumulate and increase financial resilience. Active savers often transfer the savings to a separate account at payday and spend only from what remains.

Not borrowing for day-to-day expenses measures whether new debt is taken on to pay for the basics, or to repay other debt. While low income is a risk factor for borrowing for day-to-day expenses, financial decisions and behaviours have an effect independent of income.

Restrained use of consumer credit measures how much unsecured debt people have (such as credit cards, overdrafts, personal loans). Mortgages and other secured debt (for example, most car loans are secured by the car) are not included here.

Informed financial decision-making measures the extent of information searching and deliberation before making financial decisions, as well as staying generally informed about money topics.

Informed product choice measures the extent of information searching before buying financial products, how carefully the respondent checks terms and conditions of financial products, and how often the respondent checks if financial products held are still the best for their needs.

Financial knowledge and experience

Knowledge of money management measures knowing how to plan spending against income and knowing enough about savings products, consumer loans and credit cards to choose the right one. This component, like other components in this category, measures knowledge, not behaviour. Knowledge does not automatically result in behaviour change, and distinguishing between knowledge and behaviour allows to identify whether the issue is insufficient knowledge or if knowledge is there but there are barriers to practical implementation of that knowledge.

Experience of money management measures the extent to which people have actual experience of planning how money is spent, ensuring bills and credit commitments are paid and making financial decisions. In some households, these tasks may be done by one person, resulting in lack of experience of money management for other adult household members.

Knowledge how to compare financial products measures people's knowledge of how to compare terms and conditions of credit products and insurance products, and how to compare prices.

Financial inclusion is a measure of a person's extent of financial inclusion by reference to the number of different types of products they have in their own name and the number of types they have personally been involved in purchasing in the past five years. If this score is low, it may not only reflect the lack of individual financial capability but also lack of access or lack of financial products that are a good fit for the needs of that person.

Understanding of risk measures the level of understanding of the link between risk and return, understanding diversification, and understanding that a high loan-to-income ratio increases risk of payment problems.

Psychological factors

The behaviours, knowledge and experience components described above link to financial capability in obvious ways. However, knowledge and experience are sometimes not enough to change behaviour.[4] Research suggests that psychological factors may be part of the 'missing link' between knowledge and behaviour. Those psychological factors, like all components, are a spectrum (measured on a scale from 0 to 100 like the components discussed above).

Long-term thinking, also known as long-term time orientation, means having a long time horizon when considering one's decisions, as opposed to living for the present day. Younger people tend to have shorter time horizons, but it is possible to trigger a shift to longer-term thinking by, for example, asking a person to imagine their life in retirement.

Impulsivity control is how good someone is at controlling impulsive behaviour (doing things without giving them much thought). This factor is influenced by upbringing and age, but there are methods to counteract low impulsivity control. A well-known example in personal finance is freezing the credit card in a block of ice so that it can't be used on the spur of the moment.

Lack of concern about social status is a reverse measure of status-seeking. People who do not excessively care about how other people see them can resist status-driven overspending.

Self-control is the ability to break bad habits and apply self-discipline. It differs from impulsivity control in that it is about establishing long-term behaviours and habits, rather than preventing impulsive behaviour. Self-control can be improved by exercising it and by modifying one's environment.[5]

Financial confidence measures whether the respondent feels confident in their ability to make the right decisions about managing money day to day, planning for their financial future, and financial products and services. Lack of confidence may lead to avoidance of a behaviour, even if the person has the knowledge and abilities needed to succeed.

4 An often cited example of how knowledge and experience are not enough to drive behaviour is that being well-informed about nutrition is not always enough to avoid unhealthy eating.

5 The Willpower Instinct: How Self-control works, why it matters and what you can do to get more of it by Kelly McGonagall is a good overview of techniques to improve self-control.

Financial locus of control is the belief that one has a level of control over one's financial situation, rather than being a helpless victim of circumstances.

Action orientation is not procrastinating and not avoiding unpleasant tasks. Many financial tasks require effort and are potentially unpleasant, such as getting a full picture of one's debts, or comparing terms and conditions of insurances. People with a high action orientation score are able to get on with these tasks rather than avoid them.

Attitudes to saving, spending and borrowing are a set of beliefs and attitudes that are favourable towards savings and negative towards debt. People low on this score may have normalised debt as something that 'everyone has' and may believe that debt is not a problem.

Overall financial wellbeing

Overall financial wellbeing (which is a combination of meeting commitments, being financially comfortable and resilience for the future) is 61 out of 100.

Which behaviours have the greatest impact on financial wellbeing?

Regression analysis shows that more of the difference in scores is explained by financial behaviours, knowledge and psychological factors than by demographic and socio-economic variables such as gender, household income, source of household income, housing tenure and dependent children, as well as a chronic health condition and unfavourable changes to income or expenditure. The behaviours that make the most difference, everything else being equal, include active saving, spending restraint, not borrowing for day-to-day expenses and informed financial product choice and financial inclusion. Financial locus of cntrol and financial confidence are the psychological factors that have the most impact.

Active saving

Active saving has the greatest positive effect on financial wellbeing, as well as on preparedness for retirement. Therefore, promoting and supporting active saving should be the priority for both education and policy. Such promotion and support can include messaging and role models, matched saving schemes, commitment devices, tools with visual feedback, saving groups providing social supports and others.

Active saving can be also supported indirectly, by focusing on attitudes and behaviours that have a positive effect on it, such as spending restraint, informed financial decision-making, attitudes to saving, spending and borrowing, locus of control, self-control and knowledge of money management.

Spending restraint

Spending restraint is the financial behaviour that has the most positive impact on active saving. The survey identified that many people, especially young people, struggle with overspending and impulse buying. This behaviour is largely driven by psychological factors, such as beliefs about what is desirable and normal when it comes to savings and debt, impulsivity control and self-control, but also knowledge of money management. Providing people with tools and knowledge to address overspending will support active saving, which in turn improves overall financial wellbeing.

Not borrowing for day-to-day expenses

Not borrowing for day-to-day expenses is the most important behavioural driver of meeting commitments, and it has a positive effect on other aspects of financial wellbeing as well. While financial situation plays a role in this behaviour, not borrowing for day-to-day expenses is driven by other behaviours and attitudes which remain important even after controlling for income. The greatest impact comes from restrained use of consumer credit, that is, not getting into debt in the first place. Attitudes to saving, spending and borrowing also make a difference.

Once borrowing to buy food and repay debt becomes necessary, getting out of debt typically becomes a long and arduous process, and support (such as financial mentoring services) is important. However, there also needs to be a focus on prevention and seeking help early. There is space for regulatory solutions, such as ensuring access to low-cost credit and requiring lenders to reach out with help if their clients are borrowing regularly.

Informed financial product choice and financial inclusion

Informed product choice and financial inclusion scores are low, and there is a gender gap in informed financial product choice. While these capabilities are not among those that affect financial wellbeing the most, the cost of bad decisions can be high, especially when using high-interest credit products or choosing long-term investments. Teaching about financial products has been challenging in the context of government-funded financial education, because the funding agency does not want to be perceived as promoting (or criticising) specific financial products. Nonetheless, financial educators need to explore ways to incorporate this knowledge. This is also an opportunity for the financial services industry to provide more, and more accessible, information, and to investigate why the usage of some financial products is low.

Which psychological factors have the greatest impact on financial wellbeing?

Locus of control

Financial locus of control has the highest direct effect on financial wellbeing out of all the psychological factors, and also affects preparedness for retirement and several other behaviours. This effect remains even after controlling for a range of socio-economic variables such as income. Promoting taking responsibility for one's finances, as opposed to a 'she'll be right' attitude, will have a positive impact on financial wellbeing as well as on many financially capable behaviours.

Financial confidence

Financial confidence has a direct positive effect on overall financial wellbeing. New Zealand scores lower on this component than other countries. Demystifying money and providing accessible knowledge can support financial confidence. The focus should be on Māori and Pacific peoples, whose average financial confidence is lower than New Zealand's (already low) average score.

Where is help most needed?

The survey identified several groups where help is most needed. There is significant overlap between some of these groups, and further reports will explore these findings in more detail.

Māori

Māori have lower financial wellbeing outcomes than average, and score lower across a number of financial capabilities. However, it is important to note that there are also behaviours where the average Māori score is higher or equal to the New Zealand average, like keeping track of money or informed product choice. Support is needed especially for restrained use of consumer credit and improving knowledge of money management and active saving. When everything is held equal (such as income, home ownership, financial knowledge), Māori ethnicity has a positive effect on financial wellbeing,[6] suggesting that Māori can convert the same level of knowledge and resources into greater financial wellbeing compared to Pākeha. This means that investment in improving Māori financial capability could bring disproportionate payoffs in terms of improved financial wellbeing.

Pacific peoples

Pacific peoples have lower financial wellbeing outcomes than average and score lower across a number of financial capabilities. They have the lowest financial confidence of all groups, and areas of need include understanding of risk, informed product choice, knowledge how to choose and compare financial products, and informed financial decision-making. However, Pacific peoples also have favourable attitudes to saving, reflecting an aspiration to save, and good scores (compared to average) on psychological factors such as action orientation and impulsivity control. The score on keeping track of money is also high. Focus should be on building financial confidence and knowledge, especially with regard to financial products.

Women

Women have lower financial wellbeing than men, and this holds even after controlling for income, education, marital status, dependent children, financial knowledge and behaviours, and a range of other variables. The gap is especially wide in preparedness for retirement. However, women are, on average, better than men in a range of financial capabilities related to day-to-day money management as well as psychological factors such as impulsivity control and attitudes to saving, spending and borrowing. The greatest area of need is related to financial products (informed decision-making, knowing how to compare them) and understanding of risk.

6 Significant at $p<.10$.

Younger people

Financial knowledge and experience increase with age, and young people score, on average, lower on many components of financial capability, for example, spending restraint, informed product choice and knowledge of money management. Many of the psychological factors are linked to age; for example, long-term thinking does not come naturally at a young age when the person has not experienced what can happen in 30-year period. Because financial decisions made by young adults may have a large opportunity cost (for example, money paid in interest on a consumer loan could be invested long term for retirement), this group should be a priority for targeting all aspects of financial education.

People who have had a drop in income or increase in expenditure

For many of the components, a decrease in income or increase in expenditure over the last year often mattered more than absolute income level, especially for not borrowing for day-to-day expenses. Targeting people who have experienced a change in financial situation could help prevent unmanageable debt.

Families with children

Having dependent children has a negative effect on financial wellbeing, everything else being equal, and on a range of financial behaviours. This reflects the financial and time pressures experienced by parents. Financial education and other interventions should recognise and address the specific needs and challenges of parents, especially new parents (who are likely to have experienced a change in expenditure and/or income, which is an additional risk factor for lower financial wellbeing).

People with disabilities and chronic health conditions

A chronic health condition or disability had a negative effect on many components. As in the case of parenting, financial education content should recognise and address the financial challenges faced by people with disabilities.

People without friends or family who can help financially

Having friends and family who can help financially had a positive effect on several components, for example, informed product choice and active saving. The survey did not ask if the respondent was actually helped financially by their friends or family. More research is needed on how the influence of family and social networks on financial behaviours and outcomes works.

Segments of wellbeing outcomes

Based on the financial wellbeing scores we identified four segments: In Difficulty (overall financial wellbeing 0–30.0), At Risk (30.01–50.00), Fine for Now (50.01–80.00) and Secure (80.01–100). These wellbeing segments differ from those described in the impact of COVID-19 studies previously published by Te Ara Ahunga Ora that were based on a similar methodology,[7] because those surveys used shorter timeframes to assess a quickly developing situation and were using households rather than individuals as the unit of analysis.

In Difficulty (11%)

This segment has very low overall financial wellbeing (19/100). There is very limited resilience for the future: many people in this segment do not have even short-term savings and any unexpected expense is likely to put them further into debt. Unsurprisingly their preparedness for retirement is also very low (18/100).

This segment is 63% female and dominated by the 35–54 age group. 11% have three or more dependent children, 24% are Māori (highest of all segments), 68% of this segment are renting, and 5% are in 'other housing situations' which includes employer-provided accommodation, refuge accommodation, living in cars and other options which cannot be classified as owning, renting, or living with family. Incomes are low, full-time employment is lowest of all segments (21%), 22% are unemployed and 25% are not in the labour market (for example, parenting, studying, not in the labour force for health reasons). Almost half have a long-term health condition, impairment or disability which may limit their options for employment. Only 41% have friends or family who can help financially – the lowest of all segments, suggesting that their friends and family are in a similarly bad financial situation or are absent from their lives. This segment had limited access to financial education – they have the lowest percentage of all segments of those who experienced financial education at work, at school or from their parents.

7 http://cffc-assets-prod.s3.ap-southeast-2.amazonaws.com/public/Uploads/Research-2020%2B/COVID-19/CFFC-Impact-of-COVID-19-on-Financial-Wellbeing-Oct-2020.pdf

People in this segment are trying to manage their money well – they have the highest score of all segments on planning use of income, keeping track of money and resisting status-driven spending (lack of concern about social status). They restrain their spending and aspire towards savings to a greater extent than two groups with higher financial wellbeing (At Risk and Fine For Now). However, in practice they do not manage to save, and many often borrow money to repay existing debt or to cover daily expenses.

This segment has very low financial inclusion and knowledge how to compare financial products, and low scores on informed product choice and financial confidence. This means that the In Difficulty group may not be getting the best deal for their financial needs (which would be mostly credit) and may be unaware of the terms and conditions of the products they hold. They have the lowest locus of control of all segments, which means they may not believe that they could do anything to improve their situation.

Priorities for the In Difficulty segment:

1. Provide knowledge and tools to better understand and choose credit products.
2. Improve financial confidence.
3. Improve locus of control.

At Risk (21%)

The average financial wellbeing in this segment is 42/100. This segment is 57% female, younger than the group In Difficulty, and has the highest percentage of people with dependent children (43%). This is the least European and most diverse segment, with the highest percentage of Pacific peoples of all segments. Māori and Asians are also over-represented.

62% are in paid work, with a higher proportion of self-employed and contractors than in the top and bottom segments. Despite this, 40% of people in this segment have personal income under $30,000, and almost one in three experienced a decline in income over the last year. However, household incomes are higher than for In Difficulty (which may in some cases reflect more adults per household and income pooling). 41% of this segment are homeowners and just under half are renting. Living rent-free with family is highest of the segments, which may reflect necessity or cultural choice. More than half have friends and family who can help financially. This segment had slightly more access to financial education at school and at the workplace compared to the In Difficulty segment, but less than half said that parents discussed money with them.

This segment scores lowest on many financial capability measures. They have lower spending restraint than the groups below and above them in terms of financial wellbeing, and they struggle to avoid borrowing for day-to-day expenses or to pay off existing debt. They plan their use of income and keep track of their money to a lesser extent than the In Difficulty segment. Their experience of money management is lower, reflecting that in some households in this segment not all adults are directly involved in household finances. They score low on informed financial decision-making, informed product choice, understanding of risk, attitudes to saving, spending and borrowing, long-term thinking and impulsivity control.

The high percentage of young people in this segment partially explains these low scores. Financial knowledge and experience tend to accumulate with age. However, given the limited resources of people in this segment, financial mistakes made early in life put them at risk of negative long-term outcomes if their behaviour does not change in time.

Priorities for the At Risk segment:

1. Teach the basics – budgeting, understanding of risk.
2. Improve long-term thinking.
3. Encourage discussing money in families.

Fine for Now (44%)

The overall financial wellbeing in this segment is 65/100. This is the largest segment and reflects the ‘average’ working-age New Zealander. It is broadly similar to the overall sample demographically, although it has a higher percentage of young people (under 35) and Asians. This segment has the highest percentage of homeowners with a mortgage, and the highest percentage of those in paid employment (71%), most of them full time. Incomes are slightly above average. This group has the highest percentage of people with friends and family who can help financially, and had the best access to financial education at work and in school. This segment understands financial products and financial decision-making much better than the lower two segments.

The short-term financial situation for this segment is good. They went through the COVID-19 crisis relatively unscathed to date, benefiting from wage subsidies. However, the weak spots of this segment are resilience for the future and preparedness for retirement. The active saving score is much higher than in the two lower segments, but the restrained use of consumer credit is not much better than among those At Risk and In Difficulty, and spending restraint is relatively low. They are also behind on the basics – keeping track of income and budgeting. This group also scores lowest on resisting status seeking, and struggles with impulsivity control, long-term thinking and tendencies to procrastinate (action orientation).

Priorities for the Fine for Now segment:

1. Improve psychological factors, or design interventions that take them into account – long-term thinking, resisting status-driven spending, dealing with procrastination.

2. Promote the basics (budgeting and planning).

3. Focus on retirement saving – incomes in this group are high enough to save for a good retirement but retirement preparedness is low.

Secure (24%)

The average financial wellbeing in this segment is 89/100, and the Secure score especially high on resilience for the future (91/100).

55% male, this segment is the oldest, with almost 4 in 10 people in this segment 65 or over (39%) and the lowest percentage of people under 35 across all segments. This is also the most European segment of all, with the lowest percentage of Māori and Pacific peoples across segments. Compared to other segments, the Secure are least likely to have dependent children (which is linked to the older average age of this segment). Despite their older average age, this is also the healthiest segment, with the least people reporting a long-term health condition. 80% own their homes, including 56% who are mortgage-free. Household incomes are higher than average, with 41% reporting household incomes over $100,000 per annum. Their financial situation is stable: very few in the Secure group experienced a decrease in income or increase in expenditure in the last year. This segment has the highest percentage of people whose parents discussed money with them.

This segment scores high on most financial capability components: spending restraint (82), active saving (86), not borrowing for day-to-day expenses (95), restrained use of consumer credit (96) and informed financial decision-making (74). They have the highest financial knowledge and experience scores of all segments, and the best understanding of risk (78). While the other segments all struggle to some degree with psychological factors, the Secure have relatively high scores on these, especially impulsivity control (70), financial confidence (71), locus of control (71) and time orientation (65). This segment’s weak spot is lack of concern about social status (47). Also, this segment seems to have abandoned careful budgeting and scores lowest on planning use of income, perhaps because they do not see it as necessary – however, this could increase their risk for frauds and scams since they might not notice fraudulent transactions, or not be aware of the impact of a spending category (such as sending money to an online acquaintance) on their overall finances.

Priorities for the Secure segment:

1. Further improve knowledge related to financial products.

2. Fraud and scam protection – the survey did not measure people’s risk or susceptibility to fraud and scams but other data shows that older people who have savings are a frequent target.[8]

8 www.stuff.co.nz/national/300091665/rise-in-phone-scams-prompts-warning-for-elderly

The sub-components of financial wellbeing

The sub-components of financial wellbeing – meeting commitments, being financially comfortable and resilience for the future – are not financial skills or capabilities. They are outcomes, and they are heavily influenced by income and expenses. However, by controlling for income and other relevant variables, we can see how much difference financial behaviours, skills and knowledge make when comparing people in the same financial, housing and family situations.

Meeting commitments

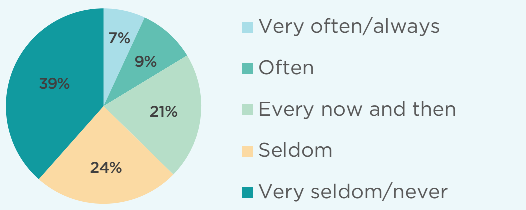
73/100

The majority can meet their current commitments but there is a group that is in financial distress to the extent of often not having enough money for food. Difficulty in meeting current financial commitments is especially high among Māori and Pacific peoples with children under 18, who also have a chronic health condition.

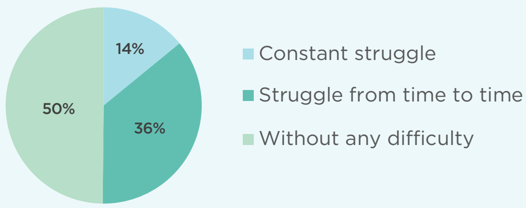
Demographic and socio-economic variables alone explain 38% of the differences in scores,* with the expected effect from income, housing situation, employment situation, dependent children, disabilities or chronic health conditions and unfavourable changes in income or expenses. Financial behaviours, knowledge and psychological components, on their own, explain 56% of the variation in scores. Socio-economic variables combined with financial capability components explain 63% of variation. This shows that meeting commitments is not dependent solely on one's economic situation, and that it may be improved to some degree by changing behaviours and attitudes, even if income remains unchanged. For example, knowledge of money management has a positive effect on meeting commitments, everything else being equal.

How we compare: Canada 81, Australia 71, Norway 91, Ireland 80

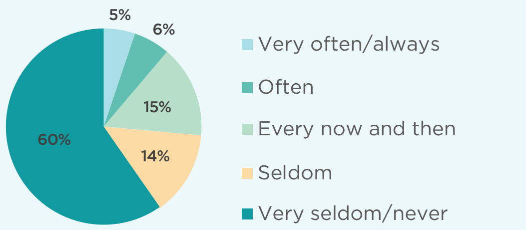
No money for food and expenses



Ability to pay bills



Payment problems at the final reminder due to lack of money



* Refer to the technical report

Financially comfortable

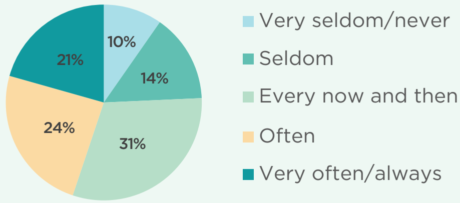
59/100

This score measures being financially comfortable over and above meeting current commitments. Responses to questions included in this score indicate a divide between those who have short-term financial security and those who don't. For example, 24% often have money left over at the end of the pay period, but the same percentage never or seldom, have money left over. 71% consider their financial situation good or very good, and 65% are confident about their financial situation in the near future, but only just over half say that their finances allow them to enjoy life. Low scores are more common among those with low household incomes who also experienced a decline in income in the last year.

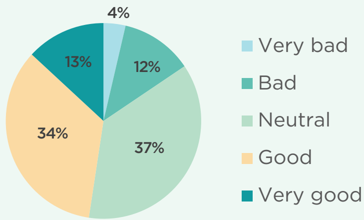
Demographic and socio-economic variables explain 37% of this score, with the largest negative effects coming from unfavourable changes in income or expenditure, chronic health conditions and non-homeownership. Financial knowledge, psychological factors and other financial behaviours (without demographic variables) explain 42%. When both socio-economic and financial capability/psychological variables are added to the model, the percentage of variation explained increases to 53%. Out of financial behaviours, active saving has the most effect. Nonetheless, household income level remains an important driver of being financially comfortable.

How we compare: Canada 61, Australia 55, Norway 70, Ireland 61

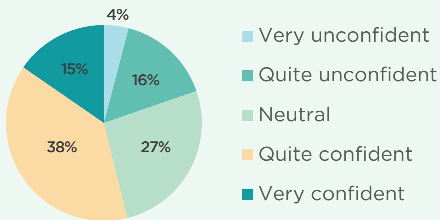
Money left over



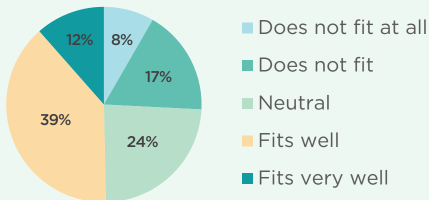
Current financial situation



How confident are you about current financial situation?



Our/my finances allow me to enjoy life



Resilience for the future

55/100

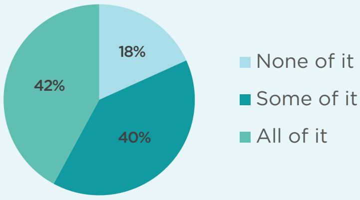
Many of us are ill-prepared for dealing with short-term unexpected expenses or falls in income. 31% do not have savings of more than one month's income, and 33% would not last three months without borrowing if their income declined by a third.

The COVID-19 crisis, which started a year before the survey was conducted, may have depleted short-term savings for some people. Low scores are more likely among those who experienced a decrease in income in the last year, especially if they are renting.

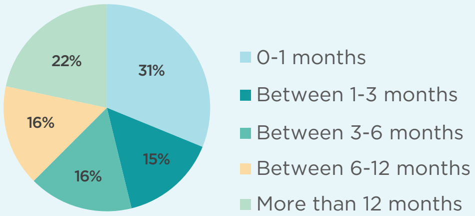
Demographic and socio-economic variables explain 37% of the differences in scores.* Housing situation as well as recent changes in income and expenditure have a strong effect. Financial knowledge, psychological factors and other financial behaviours (without demographic variables) explain 51%. When socio-economic and financial capability/psychological variables are added to the model, the percentage of variation explained increases to 60%. Active saving, not borrowing for day-to-day expenses and restrained use of consumer credit have the highest positive effects, but housing, household income levels and having experienced a decrease in income remain important determinants of resilience for the future.

How we compare: Canada 60, Australia 54, Norway 73, Ireland 52

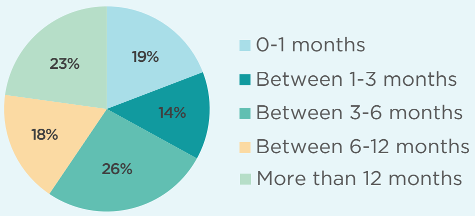
How much of an unexpected expense equivalent to one month's income could you cover from money you have readily available?



Savings in terms of number of months' income



How long could you cover a fall of income by a third without having to borrow?



* Refer to the technical report

Preparedness for retirement

43/100

We are generally unprepared for retirement.

While this score is very low, it is worth noting that it measures preparedness for retirement over and above what is guaranteed by New Zealand Super. The measure was developed based on countries in which the basic state pension is less generous than New Zealand Super, and where private savings are necessary.

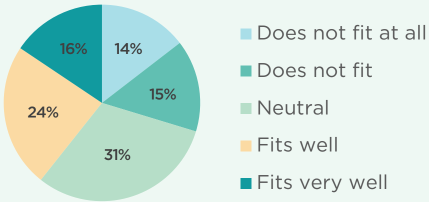
Nonetheless, the score alerts us to the low levels of private retirement savings across the New Zealand population. Even with New Zealand Super, close to one in three people expect that they will not have adequate retirement income unless they continue to work past 65.

35% of the differences in scores between respondents is explained by demographic and socio-economic factors such as age, income and home ownership.* Financial knowledge, psychological factors and other financial behaviours (without demographic variables) explain 38%. When socio-economic and financial capability/psychological variables are included, the percentage explained improves to 47%. Active saving has the greatest positive effect, but home ownership has a huge impact even after controlling for financial knowledge and behaviour.

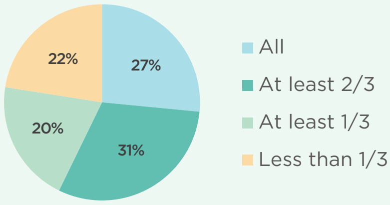
Preparedness for retirement, alongside data on KiwiSaver, which was also collected in this survey, will be discussed in more depth in one of the follow-up reports.

Preparedness for retirement is a new measure, so the availability of comparable data from other countries is limited.

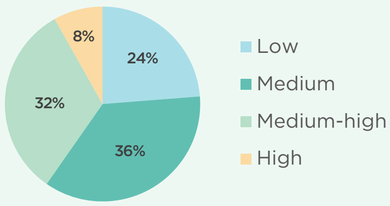
I will have adequate retirement income without working



Extent of reliance on New Zealand Super for retirement income



Preparedness for retirement financial capability scorest



* Refer to the technical report

Financial behaviours, knowledge and attitudes

Overall scorecard

The scores for all components are listed below. The following pages provide more information on each of the components.

Component	Average NZ score	% who achieved high score (75+)
Behaviours		
Keeping track of money	75	65%
Planning use of income	70	47%
Spending restraint	69	44%
Active saving	68	40%
Not borrowing for day-to-day expenses	78	63%
Restrained use of consumer credit	87	83%
Informed financial decision-making	67	30%
Informed financial product choice	48	28%
Financial knowledge and experience		
Knowledge of money management	65	26%
Comparing financial products	62	23%
Experience of money management	88	80%
Financial inclusion	31	3%
Understanding of risk	73	41%
Psychological factors		
Long-term thinking	56	17%
Impulsivity control	61	25%
Lack of concern about social status	46	9%
Self-control	60	15%
Action orientation	50	9%
Financial locus of control	64	21%
Attitudes to saving, spending and borrowing	67	37%
Financial confidence	60	27%

Financial behaviours

Active saving

68/100; 40% achieved high score (more than 75/100)

There is an aspiration to save and most of us are trying but making sure that money actually is saved is more of a challenge.

Active saving is the behaviour that has the highest direct contribution to overall financial wellbeing. It is, therefore, one of the top priorities in terms of raising levels of financial wellbeing in the New Zealand population.

We try to save regularly (73%) and try to save for the future (71%), but only 48% save money for unexpected expenses (emergency fund) often or always. Young people tend to score higher than those in the 35–54 age group. The age between 35 and 54 is when many people focus on raising children, so saving may not be the priority. Active saving increases after 55 and those aged 65+ have the highest active saving scores. Renters with no educational qualifications are among those most likely to score low.

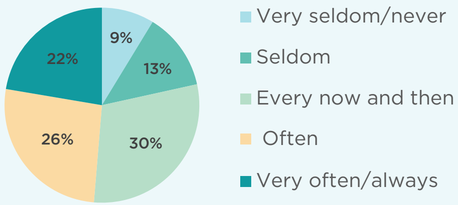
Demographic variables explain 19% of variation in active saving. Financial behaviours, knowledge and attitudes explain 42%. Combined, socio-economic variables and financial behaviours and psychological factors explain 48% of variation in the scores. The highest impact comes from psychological factors – attitudes to saving, spending and borrowing, locus of control and long-term thinking. Spending restraint, informed financial decision-making and knowledge of money management also make a difference. This means that active saving is not as dependent on income level as might be expected, and that there is a lot that can be done to shift the dial.

New Zealand's score is among the lowest, but two other countries have a similarly low score, which suggests that active saving is a challenge.

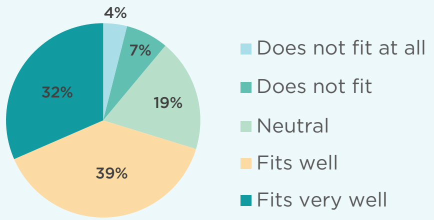
Priorities: Promote a change in attitudes to saving and borrowing; implement interventions that bypass those attitudes (such as saving schemes with auto-enrolment).

How we compare: Canada 68, Australia 63, Norway 75, Ireland 68

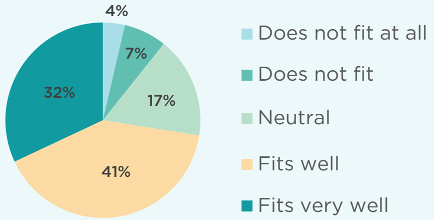
How often saves money to cover unexpected expenses



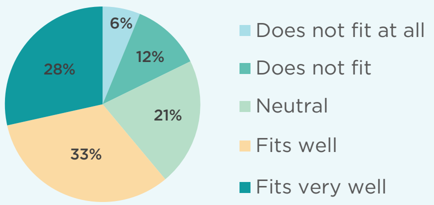
Tries to save for the future



Tries to save regularly



Makes sure always has money saved



* Refer to the technical report

Not borrowing for day-to-day expenses

78/100; 63% achieved high score

Almost one in 10 borrow money to pay off debts.

Not borrowing for day-to-day expenses is the behaviour with the second-highest contribution to overall financial wellbeing (after active saving). While the majority of New Zealanders are doing fine, 17% are using credit for food and other expenses often or very often/always, 9% borrow money to pay off debts always or often, and 15% are overdrawn every month or most months. People with a chronic health condition who also have dependent children under 18 are at especially high risk for borrowing for daily expenses.

For many, borrowing for day-to-day expenses is not a choice but a necessity, and 28% of differences in this score are explained by demographics.* Changes in income or expenditure are more important than the level of income, indicating that lack of preparedness for financial emergencies plays a role. Financial knowledge, behaviour and psychological factors explain 47% of variation. Not borrowing for day-to-day expenses is positively influenced by knowledge and experience of money management and financial inclusion, as well as attitudes to saving, spending and borrowing, but it is most driven by restrained use of consumer credit.

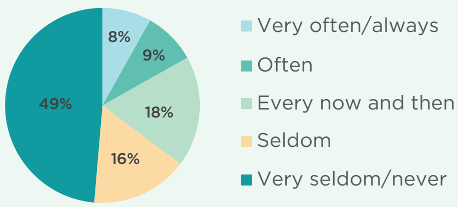
The variation explained increases to 50% when psychological, capability and knowledge factors are included in addition to socio-economic factors (changes in income and expenditure remain significant although their effect is reduced). Restrained use of consumer credit still has the most impact, along with savings orientation. Action orientation and locus of control are also significant, which suggests that some people may need to borrow for day-to-day expenses because they did not act early enough to prevent getting to this point.

The score – 78/100 – looks high but given that it measures behaviours we would like people to avoid, such as borrowing money to pay off debts, it is a concern that the score is not closer to 100. Indeed, all countries where this component was measured score higher than New Zealand.

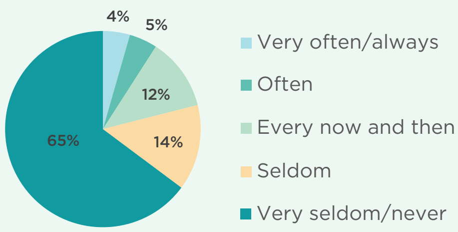
Priorities: Reach out to affected communities helping them to act early to prevent getting into a debt spiral. Focus on changing attitudes to debt and savings, especially changing the attitude that carrying debt is normal.

How we compare: Canada 84, Australia 83, Norway 93, Ireland 86

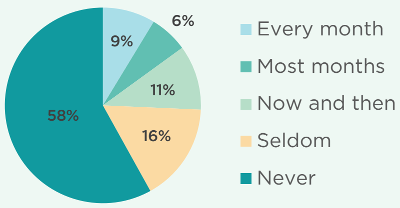
How often uses credit for food and other expenses



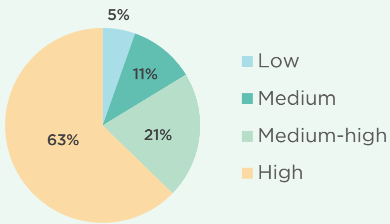
How often borrows money to pay off debts



How often overdrawn



Not borrowing for daily expenses financial capability scores



* Refer to the technical report

Spending restraint

Score: 69/100; 44% achieved high score

One in seven struggle with impulsively buying things they cannot afford.

Most of us carefully consider need before buying, but still, more than one in five frequently run out of money because of their overspending.

Spending restraint is the behaviour that has the highest positive effect on active saving (which, in turn, has the highest positive effect on financial wellbeing).

Most people carefully consider need before buying (78%) and half consider themselves savers (49%). However, 15% struggle with impulse buying and 21% run short of money through overspending.

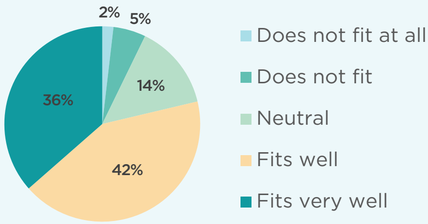
Younger people (aged 18–34) tend to struggle more with spending restraint.

Demographic and socio-economic variables explain only 14% of the score.* Financial knowledge, psychological factors and other financial behaviours (without demographic variables) explain 58%. When socio-economic and financial capability/psychological variables are controlled for we can explain 60% of the differences in scores. Psychological factors have the most impact, especially beliefs about what is desirable and normal when it comes to savings and debt (attitudes to saving, spending and borrowing), impulsivity control and self-control. Keeping track of money and knowledge of money management also have a positive impact on spending restraint. Lack of spending restraint is not linked to income if we control for other factors – it is possible to overspend at every income level.

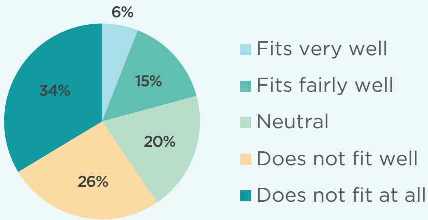
Priorities: Assist young people to overcome the psychological factors that drive overspending, for example, how to resist impulses by delaying the purchase or using commitment devices.

How we compare: Canada 73, Australia 74, Norway 71, Ireland 68

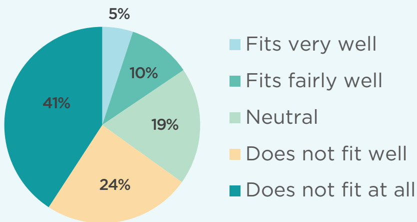
I carefully consider need before buying



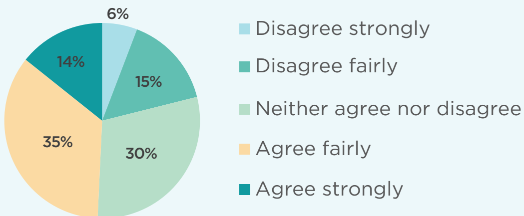
I run short of money through overspending



I struggle with impulsively buying things I cannot afford



I am more of a saver than a spender



* Refer to the technical report

Informed financial product choice

48/100; 28% achieved high score

Informed choice of financial products is New Zealand's weak spot.

Informed product choice has a direct positive effect on overall financial wellbeing.

More than half of us do not search for information at all before buying financial products, 41% do not check terms and conditions at all, and one-third do not check periodically that the product is still the best for their needs.

Low and medium scores are especially common among people aged 18–34 with low education level and not owning a home. This suggests that experience is an important factor, but also raises the question of whether financial products are too complicated and if providers could take steps to make their products easier to understand.

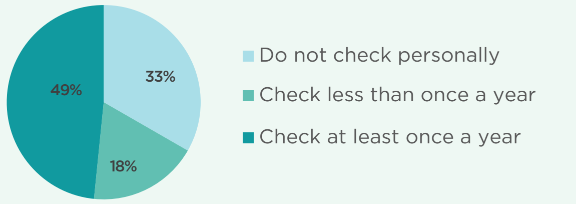
Demographic and socio-economic variables explain 16% of variation.* Financial knowledge, psychological factors and other financial behaviours (without demographic variables) explain 36%. When both socio-economic and financial capability variables are included, 40% of variation is explained.

Informed product choice is driven predominantly by experience with financial products (financial inclusion), knowledge how to compare financial products, keeping track of money and knowledge of money management.

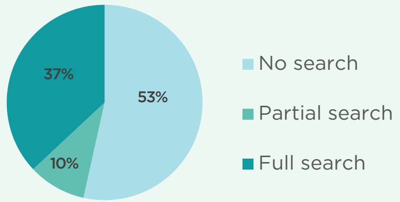
Priorities: Reach out with helpful information to young people who did not have the opportunity to learn from experience. Provide case studies to illustrate the importance of reading terms and conditions and periodically reviewing the products that are held.

How we compare: Canada 54, Australia 57, Norway 52, Ireland 48

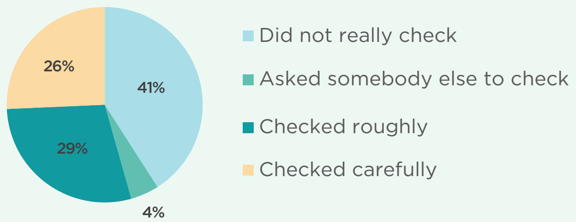
How often checks that has the best product



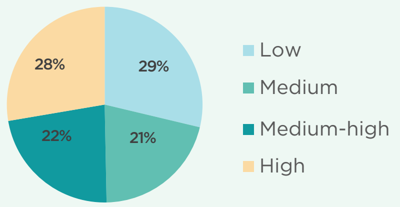
Information search before buying products



How carefully checked terms and conditions



Informed product choice - financial capability scores



* Refer to the technical report

Restrained use of consumer credit

87/100; 83% achieved high score

We limit the number of unsecured loans we have. Excessive use of unsecured credit is limited to a small proportion of the population.

Restrained use of consumer credit has a positive effect on overall financial wellbeing.

New Zealand's score is high and similar to that of other countries. Nonetheless, 31% do not pay off their credit card(s) in full every month, and 13% have three or more unsecured loans. (This component measures unsecured credit, so mortgages and most vehicle loans were not included.)

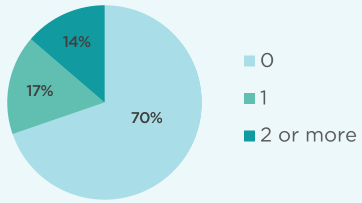
Low scores are more likely among those who had a substantial increase in expenditure in the last year, but who also have incomes over $70,000 per annum (which may reflect that people with good incomes have better access to credit).

28% of restrained use of consumer credit is explained by demographic and socio-economic factors;* these are often related to access to credit (lender being willing to lend to the person), such as full-time employment. Financial knowledge, psychological factors and other financial behaviours (without demographic variables) explain 34%. When socio-economic and financial capability/psychological variables are controlled for, 42% of variation is explained. The main influence comes from attitudes to saving, spending and borrowing. Knowledge how to compare financial products has a slight negative impact on restrained credit use – people who are aware of many options for borrowing money may be more likely to use some of these options. Income decrease or expenditure increase in the last year has a substantial impact on this score.

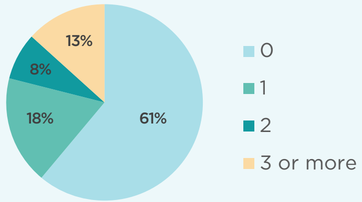
Priorities: Reach out to people who experienced a recent increase in expenditure or decrease in income to make them aware of the risks of overborrowing and present them with other options.

How we compare: Canada 84, Norway 90

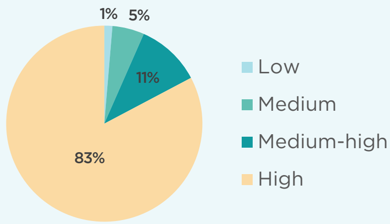
Number of credit cards that are not paid off in full every month



Number of unsecured loans



Restrained credit use - financial capability scores



* Refer to the technical report

Informed financial decision-making

67/100; 30% achieved high score

We make some effort to get informed before making financial decisions and stay informed about money matters, but the time we are able and willing to spend on this is limited.

Informed financial decision-making has a positive effect on preparedness for retirement and is the second-highest (after spending restraint) positive effect on active saving.

Those with low education levels and no home ownership are more likely to have low scores on financial decision-making. Buying a house is the biggest financial decision most people will ever make, so home buyers make an effort to be informed and to consider many options. Later they may transfer this experience to other financial decisions they make.

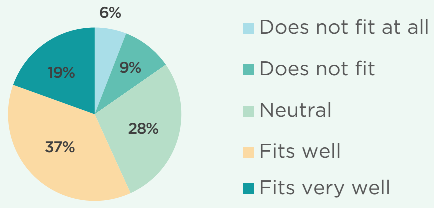
However, only 7% of differences in this score between people is explained by socio-economic variables such as education and home ownership.* Financial knowledge, psychological factors and other financial behaviours (without demographic variables) explain 47%. When socio-economic and financial capability/psychological variables are controlled for, we can explain 48% of this variation. This score is affected mostly by financial knowledge (including knowledge of money management, understanding risk and knowledge how to compare financial products) and psychological factors, predominantly locus of control (the belief that one's actions can have an impact). This behaviour is among those that can be most influenced by providing knowledge.

New Zealand's score is similar to other countries.

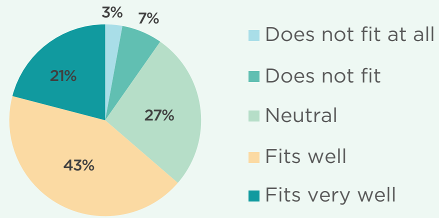
Priorities: Include information search skills in financial education content in a way that is accessible for those with lower education levels.

How we compare: Canada 69, Australia 66, Norway 70, Ireland 67

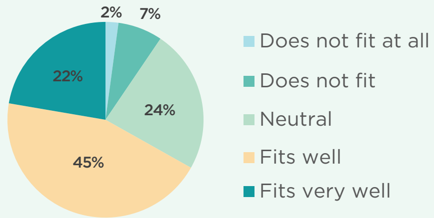
I always get informed before making financial decisions



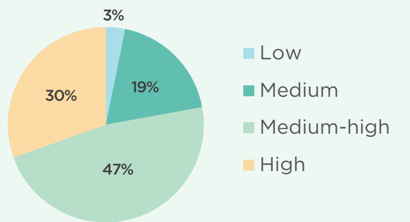
I try to stay informed about money matters



I spend a lot of time considering options before making financial decisions



Informed decision-making - financial capability scores



* Refer to the technical report

Planning use of income

70/100; 47% achieved high score

We make budgets but they are rough and only one in four always keep to the budget.

69% of us plan our spending, but only 37% plan in detail and only 26% very often or always keep to the plan.

The scores are highest in the 35–64 age group, possibly reflecting a stage of life with multiple commitments where use of income needs to be carefully planned. Women tend to score higher than men, perhaps reflecting their role in managing day-to-day household finances. Low or medium scores are more prevalent among those who do not pay rent or mortgage and had no change in expenses in the last 12 months.

Only 6% of planning use of income is explained by demographic and socio-economic variables.* 16% is explained by other financial behaviours, knowledge and attitudes. When we add financial capability components and socio-economic factors to the model, the percentage of variation explained increases to 23%. Planning is strongly influenced by knowledge of money management and keeping track of money but also by self-control. Having experienced a recent increase in expenditure also makes people more likely to plan their spending.

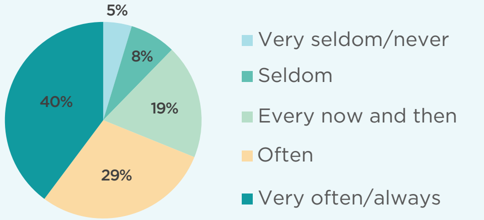
Even if New Zealanders struggle with implementing their budgets, New Zealand still scores above all other countries where this component was measured. Making a budget and keeping to it is a challenging task, and it has been the focus of many financial education initiatives in New Zealand.

Planning use of income has a negative effect on wellbeing in regression analysis because it is something those on lower incomes tend to do more, out of necessity. Nonetheless, planning use of income has a positive effect on other financial behaviours such as informed financial decision-making, so it has an indirect effect on financial wellbeing.

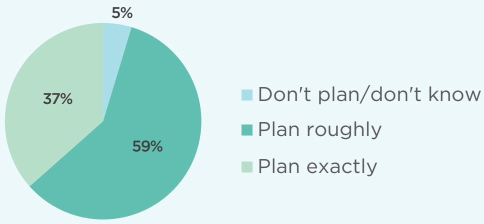
Priorities: Continue providing accessible budgeting tools such as sorted.org.nz. Provide tools and strategies for keeping to the plan, not just making the plan.

How we compare: Canada 68, Australia 60, Ireland 59, Norway 54

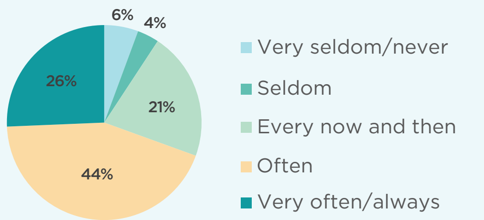
How often plans how to use the income



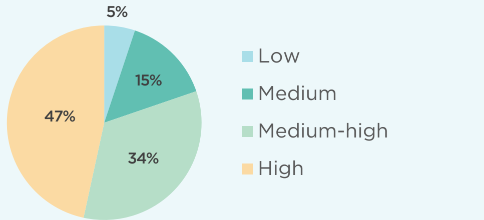
How exactly plans income use



How often keeps to the plan



Planning income use financial capability score



* Refer to the technical report

Keeping track of money

75/100; 65% achieved a high score

We check our accounts and know (roughly) how much money we've spent – but we could pay more attention to detail.

Keeping track of money has a positive effect on spending restraint, informed financial decision-making, and (greatest impact) planning use of income.

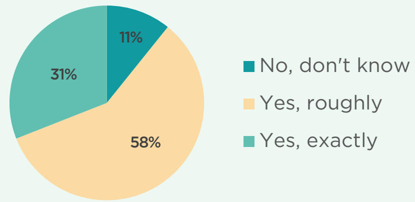
The majority (58%) know roughly how much money they spent last week, but less than one in three New Zealanders know exactly how much money they spent last week. Only 11% do not know.

Almost everyone (90%) checks their account at least once a fortnight. However, only 27% look at every transaction. Not checking every item means people may not be aware how much they pay in interest, or may not notice fraudulent charges. Male young adults living with their parents are over-represented among those who do not check their account often.

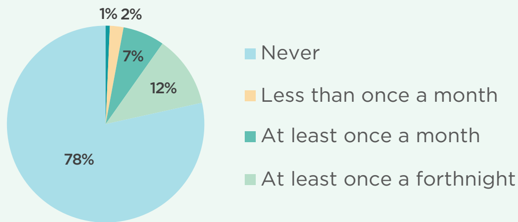
Keeping track of money is a skill that increases with age and experience, and older people tend to score higher. Women, on average, score higher than men on keeping track of money, which may reflect that women often manage the home budget. Those in a good financial situation are less likely to keep track of their money closely, probably because they feel it is not necessary, so keeping track of money is linked to lower financial wellbeing in regression analysis.* However, keeping track of money has a positive effect on other financial behaviours such as spending restraint and planning use of income, so there is an indirect effect on financial wellbeing.

How we compare: Canada 76, Australia 73, Ireland 64, Norway 66.

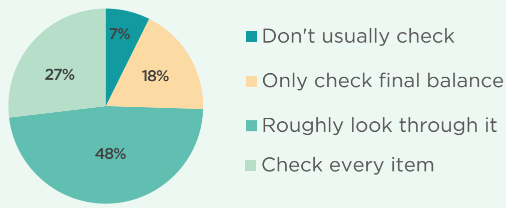
Knows how much money spent last week



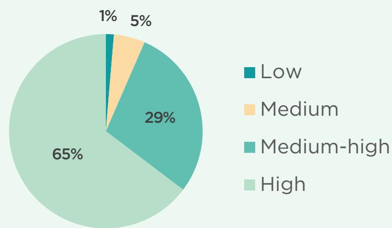
How often checks account



How thoroughly checks account



Keeping track of money - financial capability scores



* Refer to the technical report

Financial knowledge and experience

Knowledge of money management

65/100; 26% achieved high score

We know how to create a budget and most have enough knowledge to choose a lending product, but saving products are more challenging.

Knowledge of money management has a positive effect on overall financial wellbeing. Its effect is third highest, after active saving and not borrowing for day-to-day expenses.

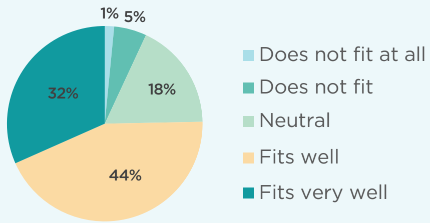
We feel confident in our knowledge how to budget (76% know how to plan spending against income) but 30% say they do not know how to choose the saving product that is right for them. Low scores are common in the 18–34 age group, especially among young people who are not home owners, which suggests that knowledge of money management is a skill that improves with experience.

16% of the variation in the scores is explained by demographics such as age, education and income.* Financial knowledge, psychological factors and other financial behaviours (without demographic variables) explain 46%. When socio-economic and financial capability/ psychological variables are added to the model, the percentage explained increases to 49%. Experience (financial inclusion) has an effect as expected in line with the model, as well as knowledge of money management and understanding of risk. Interestingly, many psychological factors affect this score: attitudes to saving, spending and borrowing, financial confidence, long-term thinking, impulsivity control, self-control, locus of control and action orientation are all significant. People who score higher on these psychological factors may be more motivated to learn about money.

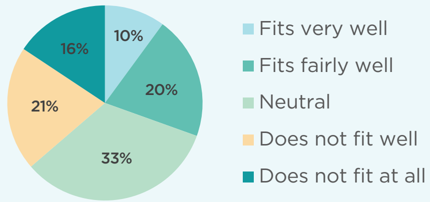
Priority: Target young people with information on savings and investments. To reach those who are currently less interested, promoting a change in attitudes may be the most effective way to motivate them to learn about money management.

How we compare: Canada 68, Norway 59, Ireland 61

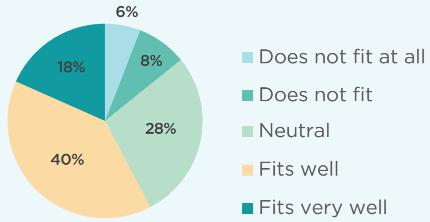
Knows how to plan spending against income



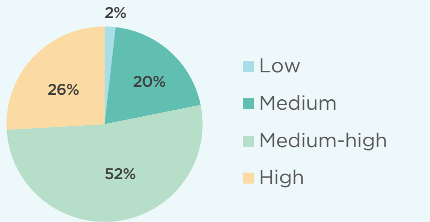
Does NOT have enough knowledge about savings products to choose the right one



Has enough knowledge to choose lending products



Knowledge of money management - financial capability scores



* Refer to the technical report

Knowledge of how to compare financial products

62/100; 23% achieved high score.

Comparing insurance and credit products to find one that best fits one's needs is a challenge for many.

Knowledge of how to compare financial products has a large positive effect on informed financial decision-making and informed product choice, and a positive effect on preparedness for retirement.

Only 13% have very good knowledge of how to compare the terms and conditions of insurance products, and 15% for consumer credit products. This problem is not specific to New Zealand, and other countries have very similar scores.

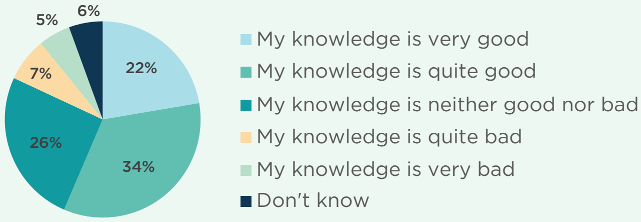
Those most likely to have low or medium scores are those with low education levels who have household incomes below $30,000 and also have children under 18. 70% of people who have all these characteristics have a score of less than 50 out of 100. This is the same group that can little afford the risk of making wrong choices, especially when it comes to credit products.

11% of the variation in this score is explained by demographic and socio-economic factors (mostly education level). Financial knowledge, psychological factors and other financial behaviours (without demographic variables) explain 32%.* When socio-economic and financial capability/psychological variables are controlled for, 37% is explained. Understanding of risk, action orientation and locus of control have a positive effect. Unlike in most other cases, the impact of attitudes towards saving, spending and borrowing on knowledge of how to compare financial products is negative. A possible explanation is that people who are more inclined to borrow have accumulated greater experience and knowledge of credit products.

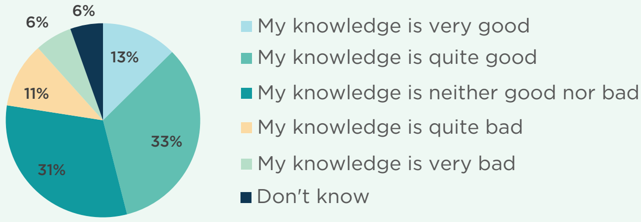
Priorities: Reach out to those on low incomes with information helpful in comparing credit and insurance products, but also explore how the financial services industry could make their products easier to compare.

How we compare: Canada 62, Norway 62, Ireland 60

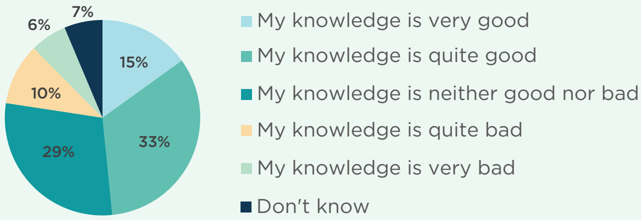
Knows how to use a price comparison website



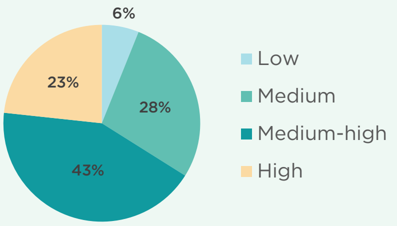
Knows how to compare the terms and conditions of insurance products



Knows how to compare consumer credit products (loans and credit cards)



Knowledge how to compare products - financial capability scores



* Refer to the technical report

Experience of money management

88/100; 80% achieved high score

Not all adults have full access to managing household finances.

Experience of money management has a positive effect on not borrowing for day-to-day expenses and restrained use of consumer credit (which also affects not borrowing for day-to-day expenses).

This score measures the extent to which people play a role in managing household finances, and whether they have the opportunity to be involved in planning spending, paying bills and making financial decisions. A score of 88 may appear high, but this is one of the scores where the ideal is close to 100, and New Zealand's score is the lowest of all countries in which this component was measured. It is not necessarily problematic if one person takes care of ensuring the bills are paid, so long as other relevant people (partner /financial contributor) have knowledge of them. However, 20% say they do not play a significant role in household financial decisions.

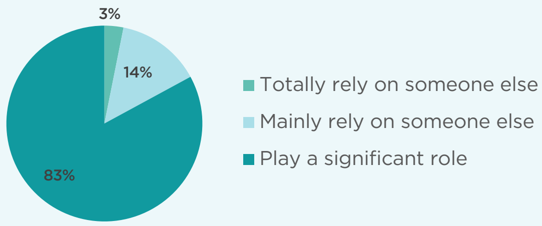
Low scores are most common among young (aged 18–34) non-Europeans. This may in part reflect the position of young people in multi-generational households (which more common in these populations) where many older, more experienced people are present. However, when young people do not get to participate in household money management, a valuable opportunity to learn is lost.

16% of the differences in these scores is explained by demographics.* Financial knowledge, psychological factors and other financial behaviours (without demographic variables) explain 15%. When socio-economic and financial capability/psychological variables are controlled for, the percentage explained increases to 25%. Locus of control, financial inclusion, understanding of risk and knowledge of money management have a positive effect on people having an important role in **managing household finances.**

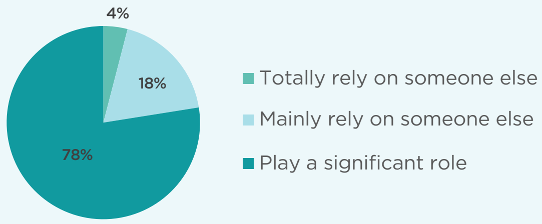
Priority: Explain to families the benefits of involving young people in household finances.

How we compare: Canada 93, Australia 87, Norway 96, Ireland 89

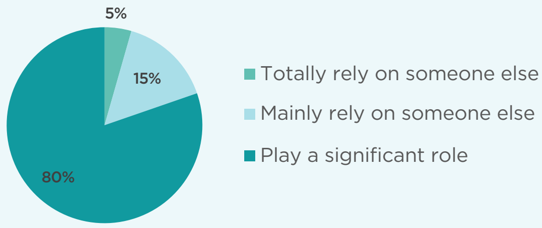
Important role in planning how money is spent



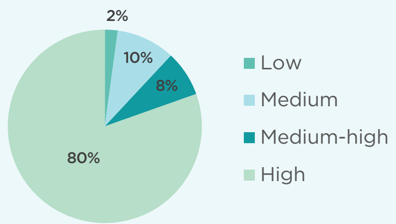
Important role in ensuring that expenses are paid



Important role in making financial decisions



Experience of money management - financial capability scores



* Refer to the technical report

Financial inclusion

31/100; 3% achieved high score

We do not use financial products that much, and some people have limited access to financial products.

Financial inclusion has a positive effect on overall financial wellbeing but the magnitude of this effect is small. It has the second-largest effect on preparedness for retirement (after active saving) and has a (small) effect on not borrowing for day-to-day expenses.

This score is very low, and it means that overall, New Zealanders have and buy few financial products. Financial products include savings accounts, current accounts, general insurance, other credit, mortgages, life insurance or income insurance, health insurance, investments, and pension funds (including KiwiSaver but only if an active fund choice was made).

Low levels of holding insurance products contribute to this low score, as well as the fact that default KiwiSaver fund membership was not counted – only KiwiSaver funds where the member made an active choice. The lack of compulsory insurance in New Zealand may also be a factor. The survey did not measure if the low utilisation of financial products is because people are reluctant to obtain them, or because they don't have access to them, or because what is offered does not fit the needs of potential clients. However, low scores are more common among non-homeowners with an income of $30,000 or less per annum, which suggests that unaffordability, or lack of access, may play a role.

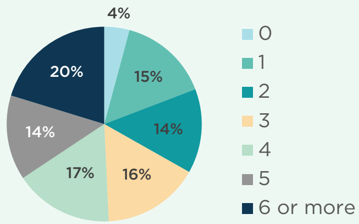
21% of the variation in the scores is explained by demographic and socio-economic variables,* and these indicate that low scores are linked to socio-economic disadvantage (unemployment, low income) and lower education. Financial knowledge, psychological factors and other financial behaviours (without demographic variables) explain 15%. When socio-economic and financial capability/psychological variables are controlled for, the percentage of variation explained increases to 29%. Knowledge and experience of money management, understanding of risk, financial confidence and long-term thinking all have a positive effect.

It is worth noting that none of the countries that used this measurement have achieved a high score (Norway being the highest at 52), but New Zealand's score is still among the lowest.

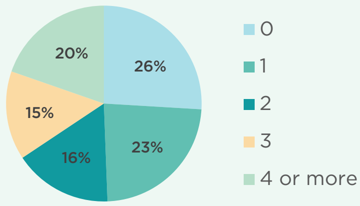
Recommendation: Conduct further research into whether this low score is caused by unaffordability or accessibility of financial products, or people's unwillingness to acquire these products (and why).

How we compare: Canada 45, Australia 35, Norway 52, Ireland 28

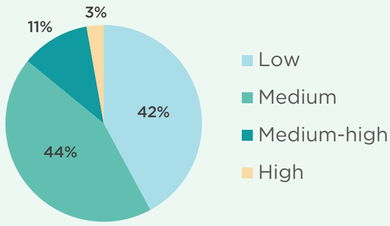
Number of types of product helds



Number of types of products purchased in last three years



Financial inclusion - financial capability scores



* Refer to the technical report

Understanding of risk

73/100; 41% achieved high score

New Zealanders understand what is riskier, although the risk of a high mortgage is harder to understand than risk in financial markets.

Understanding of risk has a positive effect on informed financial decision-making and active saving. It also has a small positive effect on spending restraint.

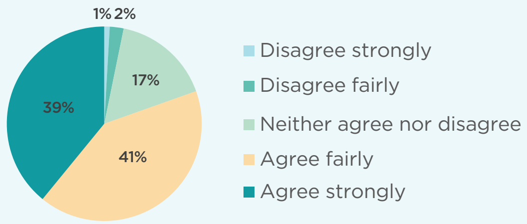
Understanding of risk (the link between risk and return, diversification and debt-to-income ratio) is at a good level but with scope for improvement. Many respondents gave tentative ('Agree fairly') rather than decisive ('Agree strongly') responses to the questions about risk. Low scores were more common among those with low levels of education. The public discussion about KiwiSaver and risk which followed the market volatility linked to the COVID-19 crisis could have improved this score. It is important to note that this score measures understanding which financial decisions or situations may carry more risk, but it does not measure people's tendencies to seek, accept or avoid risk.

Only 8% is explained by demographic and socio-economic factors such as age and education.* Financial knowledge, psychological factors and other financial behaviours (without demographic variables) explain 16%. When socio-economic and financial capability/ psychological variables are included, the variation explained increases to 19%, with financial knowledge and experience as well as locus of control having a positive effect. Perhaps there are factors not captured by this survey, such as experiencing loss from a risky financial decision, that are important drivers of understanding of risk. Indeed, those who experienced an increase in expenditure, or who have a chronic health condition, have a higher understanding of risk, everything else being equal.

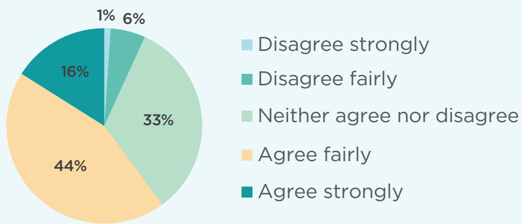
Priorities: Include knowledge about risk in financial education content, especially when the content is targeted at people who had limited opportunity to learn from experience.

How we compare: Canada 73, Australia 68, Norway 76, Ireland 71

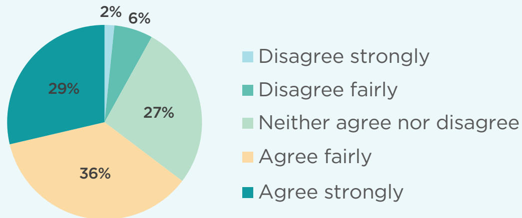
A high-return investment is also likely to be high risk



You can reduce risk by saving into more than one account



Borrowing more than three times income to buy a home increases risk for payment



* Refer to the technical report

Psychological factors

Financial locus of control

64/100; 21% achieved high score

More than one in five believe their financial situation is largely outside of their control.

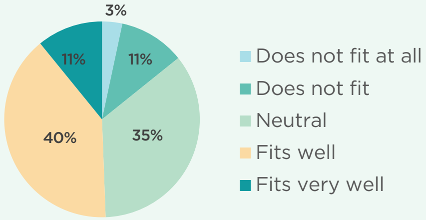
Locus of control has the highest direct effect on financial wellbeing out of all the psychological factors, and also affects preparedness for retirement and several other behaviours.

Circumstances which limit or broaden the scope of one's control matter. Those who are older, with higher incomes and with families who are able to help financially, are more likely to have a higher score. There is a strong connection with home ownership. Those who experienced a decline in income in the last year have lower scores. Decline in income may sometimes be a choice, such as one of a couple deciding to be a stay-at-home parent. However, in the context of the COVID-19 crisis, many of these income declines over the last year were outside people's control and this experience could have affected their broader beliefs about locus of control. This captures the reality that some people have little control over their circumstances, but it is worth noting that locus of control has an effect even after incomes are taken into account, so a higher locus of control can improve financial wellbeing across a range of incomes.

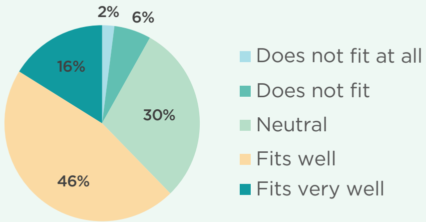
Priority: Promote taking responsibility for one's own finances and avoiding the 'she'll be right' attitude. Provide people with evidence that their actions can change their financial situation.

How we compare: Canada 66, Australia 60, Norway 71, Ireland 67

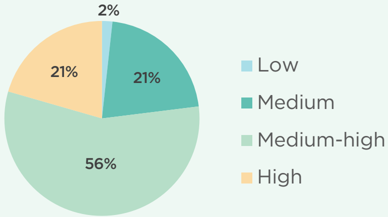
I can pretty much determine what happens



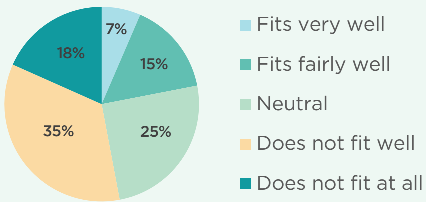
When I make plans I do everything I can to succeed



Locus of control - financial capability scores



Financial situation largely out of my control



Financial confidence

60/100; 27% achieved high score

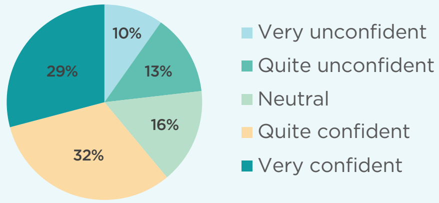
New Zealanders are unconfident about deciding on financial products and services (23%), planning their financial future (27%) and managing money day to day (23%). The latter is surprising in that New Zealanders are relatively good at managing money day to day, as measured by keeping track of money and planning use of income.

Financial confidence has a direct positive effect on overall financial wellbeing.

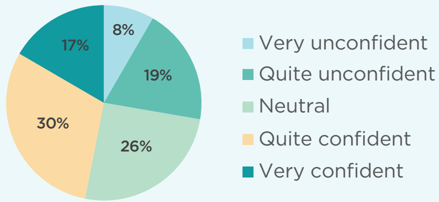
Financial confidence is positively affected by financial knowledge and financial inclusion, as well as long-term thinking. There is a gender gap and an ethnic gap (for Pacific peoples) even when controlling for demographic, socio-economic and psychological variables. Recent experience of a change in financial situation (substantial decrease in income or increase in expenditure) has a negative impact on financial confidence – people may be less certain that their existing knowledge and skills will work in the new situation.

How we compare: Canada 71, Australia 65, Norway 71, Ireland 62

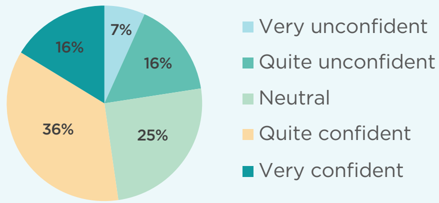
Confident about managing money day-to-day



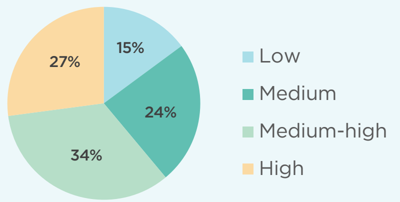
Confident about planning financial future



Confident about deciding on financial products and services



Financial confidence - financial capability scores



Action orientation

50/100; 9% high

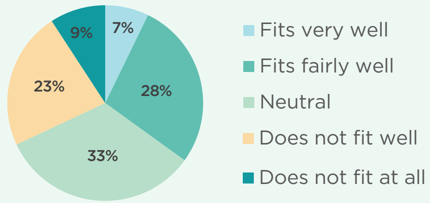
35% tend to put off difficult decisions to another day, and less than half do important but unpleasant tasks immediately. 42% find it difficult to decide when the number of options overwhelms them.

Action orientation has a direct positive effect on overall financial wellbeing, and has a positive effect on not borrowing for daily expenses.

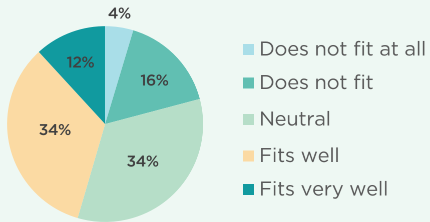
Implementing one's decisions and not procrastinating is a challenge for everyone, especially young people. Age has the highest effect on action orientation.

How we compare: Canada 55, Australia 55, Norway 50, Ireland 49

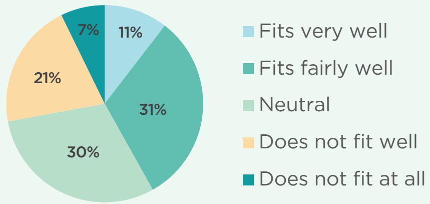
When I have a difficult decision to make I tend to put it off to another day



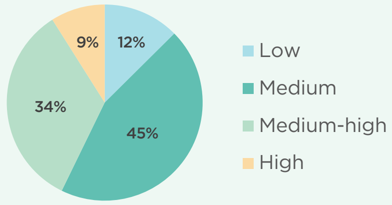
When I have to do something important that I don't like, I do it immediately



When I have to choose between a lot of options, I find it difficult to make up my mind



Action orientation - financial capability scores



Attitudes to saving, spending and borrowing

67/100; 37% high

Most of us understand that saving is a better choice than spending, but 12% would carry a balance on a credit card rather than cut back spending, 18% prefer to spend rather than save an emergency fund, and one in five admit that spending is more satisfying than saving

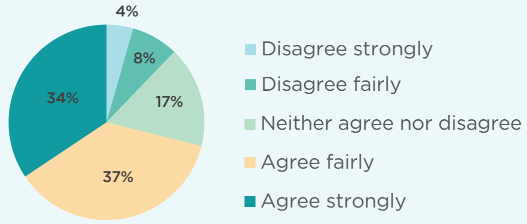
Attitudes to saving, spending and borrowing are the main determinant of spending restraint and (alongside locus of control) active saving.[9] Attitudes to saving, spending and borrowing also have the largest impact (after restrained use of consumer credit) on not borrowing for day-to-day expenses.

This score is higher in women (even if controlling for other factors) and lower for those with dependent children.

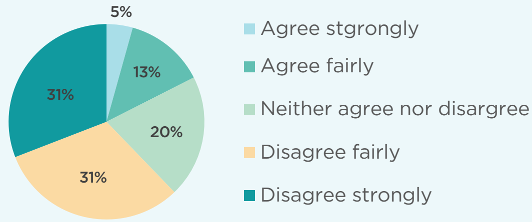
Priorities: Promote positive attitudes towards saving, and de-normalise debt.

How we compare: Canada 71, Australia 60, Norway 71, Ireland 61

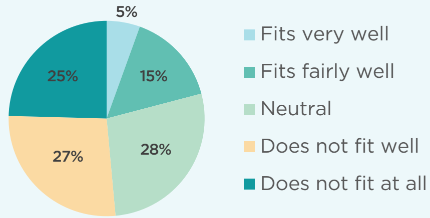
Rather cut back on spending than use credit card I could not repay each month



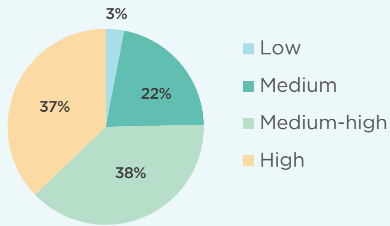
Prefer to spend rather than save up for unexpected



More satisfying to spend than save



Savings orientation - financial capability scores



9 Savings orientation, similarly to keeping track of money, has a negative effect on overall financial wellbeing in regression analysis. People who struggle financially tend to have higher appreciation for the value of saving, but are not always in a position to build up savings.

Long-term thinking

56/100; 17% achieved high score

39% say that living for the present day rather than for tomorrow describes them very well or fairly well.

Long-term thinking has a direct effect on preparedness for retirement.

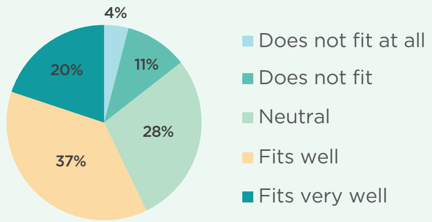
57% of us tend to focus on the long term, but one in four tend to think that the future will take care of itself. Long-term thinking tends to increase with age (and with having experienced what can change over 10, 20, 30 years). Being under time pressure or juggling multiple commitments can result in more focus on the present. Long-term thinking scores tend to be lower among those with busy lives, for example, those who have children and at the same time live with a long-term health condition or disability.

Long-term thinking has a negative effect on overall financial wellbeing; those with long-term thinking make sacrifices for their long-term future which may limit the resources they have at their disposal now. However, long-term thinking has a direct positive effect on preparedness for retirement, and a small effect on spending restraint.

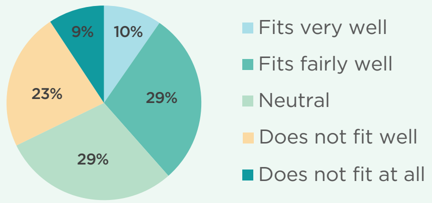
Priority: Include techniques to shift to long-term view in financial education initiatives – for example, reflecting on what one's day in retirement will look like or providing tools to project investments, income and expenses in the long term.

How we compare: Canada 63, Australia 60, Norway 63, Ireland 51

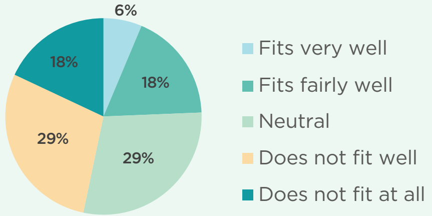
I focus on the long term



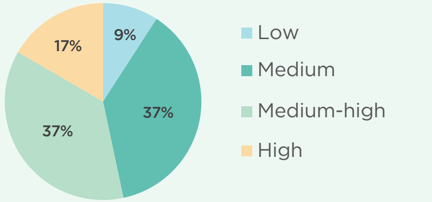
I live more for the present day than for tomorrow.



The future will take care of itself



Long-term thinking - financial capability scores



Self-control

60/100; 15% achieved high score

Just over half of us are confident in our ability to resist temptation, but breaking undesirable habits is something 4 in 10 struggle with.

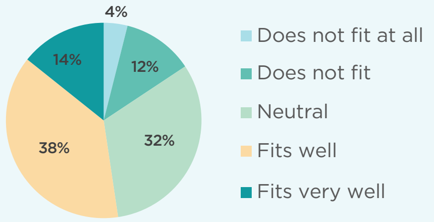
Self-control has the highest impact on spending restraint, and it also affects informed decision-making.

Self-discipline and breaking bad habits are hard, and this score is similarly low across all countries that measured it. Lower scores are more common among those with lower education levels, especially if they are financially successful and thus not forced by circumstances to resist, or break, expensive and undesirable habits and behaviours.

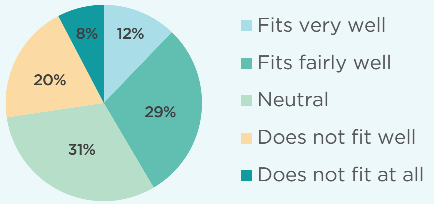
Priority: Incorporate habit-building techniques in financial education content. Design policies that do not rely on people's self-control.

How we compare: Canada 60, Australia 58, Norway 58, Ireland 61

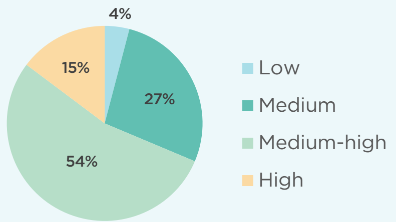
I am good at resisting temptation



I find it difficult to break undesirable habits



Self-control - financial capability scores



Impulsivity control

61/100; 25% achieved high score

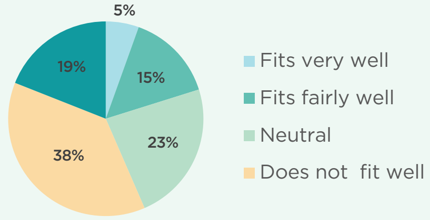
One in five respondents admit that they tend to do things without giving them much thought and that 'impulsive' is a description that fits them.

Impulsivity control has the second-highest effect on spending restraint. Young people tend to struggle more to contain their impulses: 47% of those aged 18–34 have a score below 50/100 on this component. Impulsivity control improves with age, but this happens more slowly for men – men aged 35–54 have the same low average score as men aged 18–34.

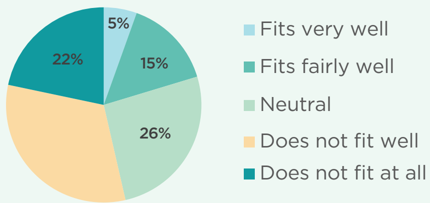
Priority: Focus on young people when providing the skills and tools to improve impulsivity control in a financial context.

How we compare: Canada 66, Australia 66, Norway 66, Ireland 55

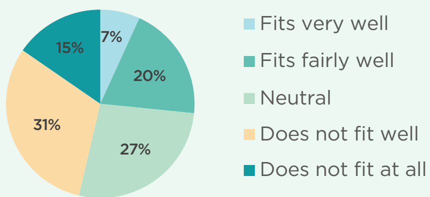
Doing things without giving them much thought



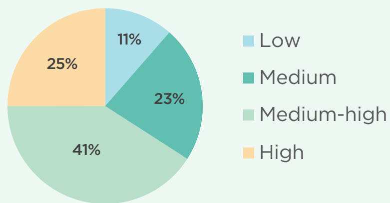
I am impulsive



Saying things without thinking them through



Impulsivity control
- financial capability scores



Lack of concern about social status

46/100; 9% achieved high score

29% admit they are concerned about their social status among people they know, 43% care about how people see them, and 58% want to be respected. Such attitudes can play a role in spending, or over-spending, on visible items meant to impress others.

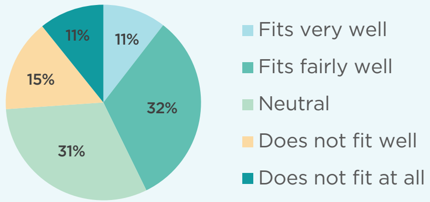
Lack of concern about social status has an effect on attitudes to saving, spending and borrowing. Wilkinson & Pickett (2019, p. 33)[10] propose that high social inequality makes people more likely to engage in status-seeking behaviour, and this might be part of the explanation of New Zealand's relatively low score on this component.

Low scores are concentrated among young people (18–34) with university education – 83% of this group scores below 50/100. The score, like many others, tends to increase with age.

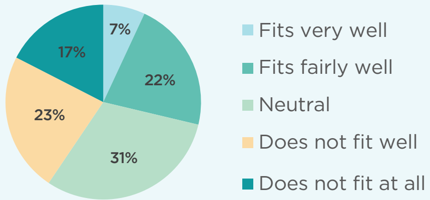
Priorities: Feedback from Sorted facilitators suggests that status-seeking can be addressed by reflection and discussion, as well as changing one's social group to one that values saving over spending.

How we compare: Canada 43, Australia 50, Norway 52, Ireland 36

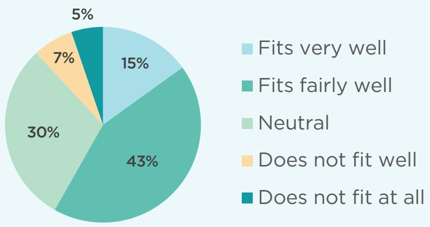
I care about how other people see me



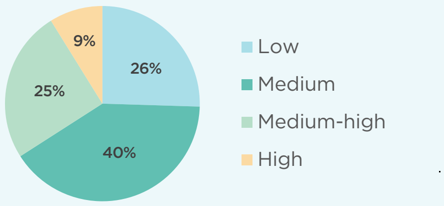
I am concerned about social status among people I know



I want other people to respect me



Lack of concern about social status - financial capability scores



10 Wilkinson, R.G., & Pickett, K. (2019). The inner level: How more equal societies reduce stress, restore sanity and improve everyone's well-being. Penguin.

Tables by age, gender, ethnicity, income, disability and migrant status

Age	18–34	35–54	55–64	65+
Overall wellbeing	59	56	61	72
Meeting commitments	68	66	78	86
Financially comfortable	61	57	56	64
Resilience for the future	50	49	57	73
Preparedness for retirement	47	43	38	41
Spending restraint	63	67	74	77
Active saving	68	66	67	73
Not borrowing for day-to-day expenses	71	72	85	90
Restrained use of consumer credit	85	82	91	96
Informed financial decision-making	67	67	68	69
Informed product choice	44	49	47	51
Planning use of income	69	72	69	66
Keeping track of money	73	75	78	78
Knowledge of money management	59	63	69	73
Knowledge how to compare financial products	62	64	62	60
Experience of money management	81	87	92	96
Financial inclusion	29	31	33	31
Understanding of risk	69	71	76	76
Attitudes to saving, spending and borrowing	62	62	73	76
Financial confidence	56	59	63	66
Long-term thinking	52	54	61	59
Impulsivity control	53	58	67	70
Lack of concern about social status	39	45	51	51
Self-control	57	60	59	63
Locus of control	62	63	64	67
Action orientation	44	49	52	57

Ethnicity and gender	Māori	Pacific	Male	Female
Overall wellbeing	54	54	64	58
Meeting commitments	59	62	73	72
Financially comfortable	57	56	63	56
Resilience for the future	47	46	60	51
Preparedness for retirement	43	43	47	38
Spending restraint	62	64	69	69
Active saving	62	64	68	68
Not borrowing for day-to-day expenses	66	68	76	80
Restrained use of consumer credit	79	83	86	89
Informed financial decision-making	67	63	68	67
Informed product choice	46	38	51	45
Planning use of income	74	70	67	72
Keeping track of money	74	74	73	77
Knowledge of money management	60	58	65	65
Knowledge how to compare financial products	63	58	65	59
Experience of money management	82	80	85	91
Financial inclusion	25	24	31	31
Understanding of risk	71	65	74	72
Attitudes to saving, spending and borrowing	59	62	63	70
Financial confidence	58	52	60	61
Long-term thinking	50	54	53	58
Impulsivity control	54	60	58	63
Lack of concern about social status	44	49	46	46
Self-control	59	60	61	59
Locus of control	63	63	64	63
Action orientation	49	52	51	49

Disability status and migrant status	Disability or chronic condition	No disability or chronic condition	Born in New Zealand	Born overseas
Overall wellbeing	55	64	60	63
Meeting commitments	63	77	71	78
Financially comfortable	54	62	59	59
Resilience for the future	50	58	54	59
Preparedness for retirement	38	45	42	45
Spending restraint	66	71	68	73
Active saving	64	70	67	72
Not borrowing for day-to-day expenses	71	81	77	81
Restrained use of consumer credit	82	90	87	90
Informed financial decision-making	66	68	67	68
Informed product choice	48	48	48	48
Planning use of income	72	68	71	66
Keeping track of money	76	75	75	75
Knowledge of money management	63	66	65	65
Knowledge how to compare financial products	61	63	63	62
Experience of money management	86	89	88	89
Financial inclusion	27	33	30	33
Understanding of risk	73	72	72	73
Attitudes to saving, spending and borrowing	64	68	66	69
Financial confidence	58	61	60	60
Long-term thinking	52	57	55	59
Impulsivity control	59	62	61	62
Lack of concern about social status	47	45	46	46
Self-control	58	61	59	62
Locus of control	61	65	63	65
Action orientation	50	50	49	51

Household income	Under $30,000	$30,000–$69,999	$70,000–$99,999	$100,000 and more	I'd prefer not to answer/ I'm not sure
Overall wellbeing	47	58	60	70	61
Meeting commitments	64	72	72	77	73
Financially comfortable	44	54	59	71	59
Resilience for the future	41	53	53	64	56
Preparedness for retirement	28	38	44	53	42
Spending restraint	69	70	67	69	70
Active saving	58	66	67	75	68
Not borrowing for day-to-day expenses	80	79	74	76	81
Restrained use of consumer credit	92	89	85	83	91
Informed financial decision-making	63	66	66	72	67
Informed product choice	36	44	51	60	37
Planning use of income	71	70	69	70	69
Keeping track of money	79	77	75	73	74
Knowledge of money management	62	65	63	68	64
Knowledge how to compare financial products	54	59	64	70	60
Experience of money management	94	90	85	87	87
Financial inclusion	22	28	33	38	26
Understanding of risk	71	73	71	74	70
Attitudes to saving, spending and borrowing	70	68	66	64	67
Financial confidence	59	59	59	64	57
Long-term thinking	52	55	57	58	53
Impulsivity control	63	63	61	58	59
Lack of concern about social status	49	49	46	41	46
Self-control	58	59	58	62	61
Locus of control	60	62	63	67	64
Action orientation	50	50	48	49	52

Segment characteristics	In Difficulty	At Risk	Fine for Now	Secure	Total
What percent of segment are female	63%	57%	47%	45%	50%
What percent of segment are born overseas	13%	21%	24%	22%	22%
What percent of segment are:					
18–34 years old	24%	29%	31%	19%	27%
35–54 years old	46%	43%	38%	23%	36%
55–64 years old	20%	16%	14%	20%	16%
65+ years old	10%	13%	18%	39%	21%
Total (age group)	100%	100%	100%	100%	100%
What percent of segment have dependent children under 18	40%	43%	40%	21%	36%
What percent of segment have three or more children under 18	11%	9%	5%	3%	6%
Ethnicity (prioritised)					
What percent of segment are Māori	24%	21%	16%	10%	17%
What percent of segment are Pacific peoples	4%	9%	7%	2%	6%
What percent of segment are Asian	4%	9%	13%	9%	10%
What percent of segment are European/Other	67%	61%	64%	79%	67%
Total (ethnicity)	100%	100%	100%	100%	100%
What percent have a long-term health condition, impairment or disability[11]	49%	40%	33%	20%	33%
What percent of segment are homeowners (with or without mortgage)	24%	41%	61%	80%	58%
What percent of segment own home with a mortgage	15%	28%	35%	24%	29%
What percent of segment own home without a mortgage	9%	13%	26%	56%	29%
What percent of segment are renting	68%	49%	30%	13%	34%
What percent of segment are living rent-free with parents/guardians/family	4%	6%	5%	4%	5%
What percent of segment are in other housing situations	5%	3%	3%	3%	3%
	100%	100%	100%	100%	100%

11 The 2013 New Zealand Disability Survey estimated that a total of 1.1 million (24%) New Zealanders (of all ages, including children) were disabled (see Disability Survey: 2013, Statistics New Zealand). The NZ Financial Capability Survey sampled only adults (18+).

Personal income	In Difficulty	At Risk	Fine for Now	Secure	Total
Under $30,000	58%	40%	27%	25%	33%
$30,000–$69,999	27%	31%	31%	31%	30%
$70,000–$99,999	2%	11%	17%	16%	14%
$100,000 or more	0%	4%	12%	14%	10%
Not stated	12%	14%	13%	13%	13%
Total	100%	100%	100%	100%	100%
Household Income					
Under $30,000	33%	16%	10%	5%	13%
$30,000–$69,999	33%	33%	24%	25%	27%
$70,000–$99,999	14%	17%	19%	14%	17%
$100,000 or more	5%	18%	32%	41%	29%
Not stated	14%	15%	15%	15%	15%
Total	100%	100%	100%	100%	100%
What percentage experienced a decrease in income in the last 12 months	57%	30%	15%	10%	21%
What percentage experienced substantial increase in expenditure last 12 months	20%	16%	15%	6%	14%

Employment situation	In Difficulty	At Risk	Fine for Now	Secure	Total
Employed full time (more than 30 hours per week in paid employment)	21%	36%	50%	43%	42%
Employed part time (less than 30 hours per week in paid employment)	15%	18%	14%	10%	14%
Self-employed/contractor/running own business (which can include Uber, AirBnB)	5%	7%	7%	6%	7%
Not employed and not looking for work (for example, stay-at-home parent, full-time student)	25%	13%	8%	4%	10%
Unemployed and looking for work	22%	13%	5%	2%	8%
Retired	11%	12%	15%	35%	19%
Total	100%	100%	100%	100%	100%
% in paid work	41%	62%	71%	59%	63%

Access to help and financial education	In Difficulty	At Risk	Fine for Now	Secure	Total
What percent have friends or family who can help financially	41%	53%	61%	59%	57%
What percent whose parents discussed money with them	41%	42%	53%	59%	51%
What percent received financial education at school	24%	32%	39%	33%	34%
What percent received financial education in the workplace	11%	17%	28%	20%	22%

Segment	In Difficulty	At Risk	Fine for Now	Secure	Total
Overall wellbeing	19	42	65	89	61
Meeting commitments	33	58	75	97	73
Financially comfortable	20	42	64	83	59
Resilience for the future	9	30	59	91	55
Preparedness for retirement	18	32	45	59	43
Spending restraint	69	62	66	82	69
Active saving	39	55	71	86	68
Not borrowing for day-to-day expenses	60	70	76	95	78
Restrained use of consumer credit	83	84	85	96	87
Informed decision-making	61	61	69	74	67
Informed product choice	33	37	51	58	48
Planning use of income	79	71	70	65	70
Keeping track of money	82	75	74	75	75
Knowledge of money management	58	58	64	77	65
Knowledge of comparing financial products	54	56	64	69	62
Experience of money management	94	85	85	94	88
Financial inclusion	23	25	31	38	31
Understanding of risk	70	68	72	78	73
Attitudes to saving, spending and borrowing	67	61	63	79	67
Financial confidence	49	54	60	71	60
Long-term thinking	52	51	53	65	56
Impulsivity control	62	57	57	70	61
Lack of concern about social status	50	47	43	47	46
Self-control	53	55	60	66	60
Locus of control	52	58	64	72	64
Action orientation	47	48	48	57	50

Te Ara Ahunga Ora Retirement Commission

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