

Media release

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Financial knowledge leads to better money management

The 2009 ANZ-Retirement Commission Financial Knowledge Survey shows an overall improvement in New Zealanders' financial knowledge with more people having a high level of knowledge.

In releasing the second nationwide survey, supported by ANZ, Retirement Commissioner Diana Crossan says the results are encouraging because a greater understanding of money matters means more effective money management. As the first survey was only three years ago major change was not expected because increasing financial knowledge is a long-term process.

"It's great news that overall 43 per cent of New Zealanders are now scoring highly on financial knowledge, and that women and low income households are among the groups with the biggest improvements. However the survey shows that there has been little improvement in the past three years in the number of New Zealanders with the lowest level of financial knowledge.

"It's going to take a concerted effort to lift the knowledge of this group. Perhaps this survey demonstrates that a basic level of numeracy and literacy is required on which to build strong financial knowledge," said Diana Crossan.

ANZ National Chief Executive Officer Jenny Fagg said ANZ was proud to continue its support for the survey as part of its broader commitment to improve New Zealanders' financial knowledge.

"As New Zealand's largest bank, we are committed to taking a lead because we believe it is vital that people have the skills to make informed decisions.

"The current economic environment has focused people's attention on how they need to wisely manage their income and expenditure on the basis of sound financial knowledge.

"This latest survey will help ensure our initiatives to improve financial knowledge are tailored to the areas of greatest need."

The survey also shows that overall, 16 per cent of New Zealanders are having difficulty managing money, but in the low knowledge group it's 26 per cent.

"Those with less knowledge expressed feelings of being out of control with their borrowing and debt, not being able to cope with a major loss of income, and feeling less confident about managing their financial affairs,' Diana Crossan said.

“Compared to 2006 New Zealanders are also more aware of the risks when investing but less certain about how to reduce risk.

“Some of this feedback may be a reflection of the recession. People seem more cautious and realistic about their finances. I think there’s a general feeling of greater vulnerability compared to 2006.”

There has also been an increase in Internet banking and a decline in all other forms of payment except for EFTPOS.

The survey also shows that just over half of the population get information or advice from the bank, and just over a third from friends and relatives. Diana Crossan said it was particularly pleasing that a third had either read one of the Retirement Commission’s Sorted booklets or visited sorted.org.nz and a quarter had done so within the past 12 months.

The survey was conducted by Colmar Brunton in March and April and involved one hour interviews with more than 850 people who were asked 42 questions testing their financial knowledge and 51 questions on attitudes and behaviours.

The full report and summary are available online at www.financialliteracy.org.nz

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