



# Media Release

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## New financial literacy survey released

ANZ today released findings of its latest survey of financial literacy showing that young people, seniors, women, particularly older women, those with low levels of formal education and low income earners are significantly behind the rest of the community in financial literacy.

ANZ Chief Executive Officer Mr Mike Smith said the 2008 survey provided further evidence there was a pronounced difference in financial literacy levels between the most financially literate (top 20 per cent) of the Australian population and the least financially literate (bottom 20 per cent).

"The effects of low financial literacy come at a great cost to the economy, and to the livelihood of Australian families and individuals. For example, according to the Australian Bureau of Statistics last year Australians lost nearly \$1 billion falling victim to fraud and scams," Mr Smith said.

"Added to this, the current global financial turmoil highlights the importance of responsible lending, good advice and sound money management. Financial institutions, governments, regulators and community organisations have a shared interest in equipping individuals with the knowledge and confidence they need to make sound financial decisions that contribute to both their personal, and the entire system's financial stability.

"Clearly, the sorts of improvements we all want to see require a long-term effort by all stakeholders, and perhaps one positive outcome of the current turmoil will be a refocussing on these issues," Mr Smith said.

Mr Smith said ANZ supported the Federal Government's decision last week to move to national regulation of credit.

"A more uniform approach to credit regulation will provide increased transparency and improved safeguards for consumers. Effective regulation that strikes the right balance between imposing increased costs on financial institutions and protecting consumers can also play a part in promoting good decision-making by both consumers and financial institutions," Mr Smith said.

For its part, ANZ will continue to focus on making its products simple to understand and offering them in a transparent and responsible manner to ensure customers can easily make informed choices.

"We also need to continue to make a special effort for the most disadvantaged consumers in the community. For those most at risk ANZ has made a major commitment by developing financial literacy programs delivered by our community partners.

"I don't underestimate the magnitude of this task but I am sure that our sector, working with government, regulators and community stakeholders, can make a difference," Mr Smith said.

The ANZ 2008 Financial Literacy Research was launched in Melbourne today by ANZ Chief Executive Officer, Mike Smith, Federal Minister for Superannuation and Corporate Law, Senator Nick Sherry and Australian Securities and Investment Commission (ASIC) Chairman, Tony D'Aloisio.

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### **2008 Key Findings**

The 2008 quantitative study into financial literacy surveyed about 3,500 adult Australians representative of the whole population. For the full report visit [www.anz.com](http://www.anz.com)

The 2008 survey shows:

- Financial literacy is strongly related to demographic and socio-economic characteristics
- Those with below average Financial Literacy Scores include: 18-24-year-olds; people aged 70 years and over; women, particularly those aged 70 and over; those whose formal education finished at Year 10; those who are unemployed; and those living on Government benefits or allowances
- There is a marked difference in the knowledge and behaviours of those in the lowest 20 per cent of the population (Quintile 1) for financial literacy and those in the highest 20 per cent of the population (Quintile 5)
- Key differences between the highest and lowest financial literacy groups are shown in the table below (source: ANZ Survey of Adult Financial Literacy in Australia Summary Report October 2008)

**Table 2 - Comparison of behaviours associated with high and low levels of financial literacy**

| Those with low FL scores...                                                        | Financial Literacy |                 |
|------------------------------------------------------------------------------------|--------------------|-----------------|
|                                                                                    | Quintile One %     | Quintile Five % |
| <b>Make less informed purchase decisions</b>                                       |                    |                 |
| “Shop around” for                                                                  |                    |                 |
| Insurance policy <sup>1</sup>                                                      | 56                 | 87              |
| Mortgage <sup>2</sup>                                                              | 59                 | 80              |
| Used a ratings agency to compare financial products                                | 12                 | 35              |
| <b>Transacting behaviour is less convenient/cost effective</b>                     |                    |                 |
| Use of electronic channels                                                         |                    |                 |
| Internet banking                                                                   | 26                 | 70              |
| Bpay                                                                               | 31                 | 70              |
| Taken steps to minimise everyday banking fees                                      | 68                 | 91              |
| <b>Less use of insurance to reduce risk</b>                                        |                    |                 |
| Have building insurance on home <sup>3</sup>                                       | 70                 | 88              |
| Insure home contents <sup>4</sup>                                                  | 60                 | 88              |
| <b>Are less aware of investment risk</b>                                           |                    |                 |
| Would avoid an investment offering a “return well above market rates with no risk” | 28                 | 87              |
| Consider diversification of investment funds to be “very important”                | 36                 | 65              |
| Understand good investments may fluctuate in value                                 | 36                 | 88              |
| <b>Make less use of financial information and advice</b>                           |                    |                 |
| Read financial newspaper/other publications                                        | 38                 | 81              |
| Get advice from accountant, financial planner, etc.                                | 43                 | 80              |

<sup>1</sup> Base: Have arranged insurance policy

<sup>2</sup> Base: Have arranged a mortgage

<sup>3</sup> Base: Own/purchasing home

<sup>4</sup> Base: Own/purchasing/renting home

**Note to editors:** The 2008 survey took place against a background of financial market volatility, some high profile business failures (including those of several property developers in 2006/07), rising interest rates and increasing prices for oil and food. As a result, the economic situation in 2008 is less favourable than during the earlier surveys.

**ANZ Financial Literacy initiatives:**

ANZ has initiated a number of community programs that respond in some way to the findings of the financial literacy research, including programs:

- Focused on basic financial education, MoneyMinded and MoneyBusiness
- Designed to build money management skills and promote ongoing savings behaviour, SaverPlus, developed in partnership with the Brotherhood of St Laurence.

Studies conducted by RMIT University show SaverPlus is “World’s Best Practice” in fostering a savings habit – 70 percent of SaverPlus participants who had completed the program up to three years ago are continuing to save at or above the levels they did while on the program. ANZ and The Brotherhood of St Laurence have now developed a ‘licence’ approach for Saver Plus, to enable delivery and funding agencies to run the program in more communities across Australia.

With the assistance of its partners, ANZ is now looking to take its programs to the next level with the common objective of improving financial and social inclusion of all, especially the most disadvantaged.