



**TE ARA  
AHUNGA ORA**  
Retirement Commission

# Consumer insights to support Money Week 2022



# Background and methodology

- Up-to-date insights on New Zealanders' current attitudes and situation were required to support the Money Week 2022 campaign (held annually).
  - A self-completion online survey was distributed by the Dynata Panel Providers, quota sampled to approximate national representation, then weighted to meet 2018 NZ Census (age and gender).
  - A total of n=1042 surveys were completed, giving a margin of error of +/- 3.1%.
  - Findings from the survey were supplemented by the most recent data (Apr-Jun, 2022) from the Te Ara Ahunga Ora Insights Monitor which is run as an 'always on' survey of approximately n=1000 New Zealanders per quarter. Again, weighting is applied to match 2018 NZ Census.
- Topics included:
  - Trends in financial situation, optimism, saving for retirement and experience of financial hardship
  - Impacts of cost of living crisis and need for Credit card / BNPL / Afterpay financial services
  - Activities used to stay on top of finances
  - Drivers of perceptions of 'financial control'



# Key take-outs

- Perceived financial position shows some worsening: over half (52%) are now 'treading water' at best.
- Optimism about the future has fallen over the most recent quarter (Apr-Jun 22), and more people are indicating they are socialising less due to concerns about finances (compared to six months ago).
- 18% say they have been very negatively impacted by the current cost-of-living crisis with women over indexing on this measure. While the main impacts have involved management of non-fixed costs, 19% are running out of money before their next payday more frequently, and 15% are using BNPL more often than a year ago (again, higher among women).
- Talking about money and/or observing/reflecting on parental financial behaviour is associated with a greater range of financial control activities.
- While having a good household income is important for financial wellbeing, the good news is there is mindset about saving that contributes to more positive outcomes independently of finances.
- Those who score positively on 'Cautious Independence' attributes (such as resisting temptation when shopping, valuing financial independence and keeping a close eye on personal finances) are more likely to feel financially comfortable.

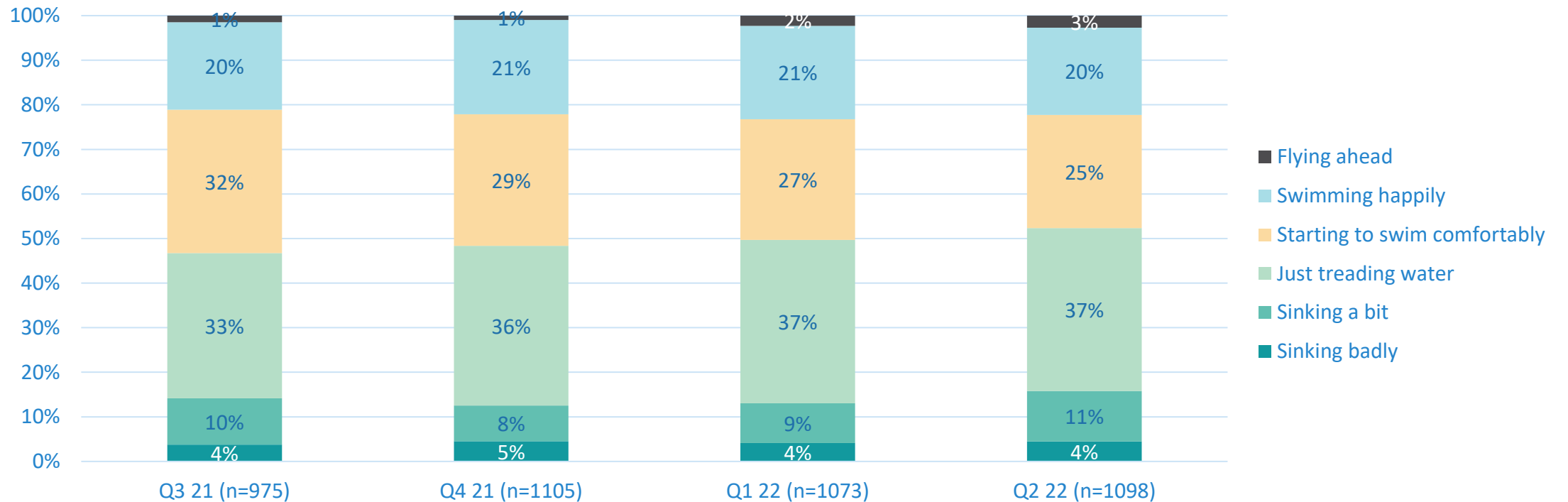


# Cost-of-living



Perceived financial position shows some worsening: over half (52%) are now ‘treading water’ at best. But keep an eye on the very small ‘flying ahead’ segment: further growth could suggest the possible beginnings of a widening gap between ‘have’s’ and ‘have not’s’.

Looking at the phrases below, which one best describes your current financial situation? (18+)

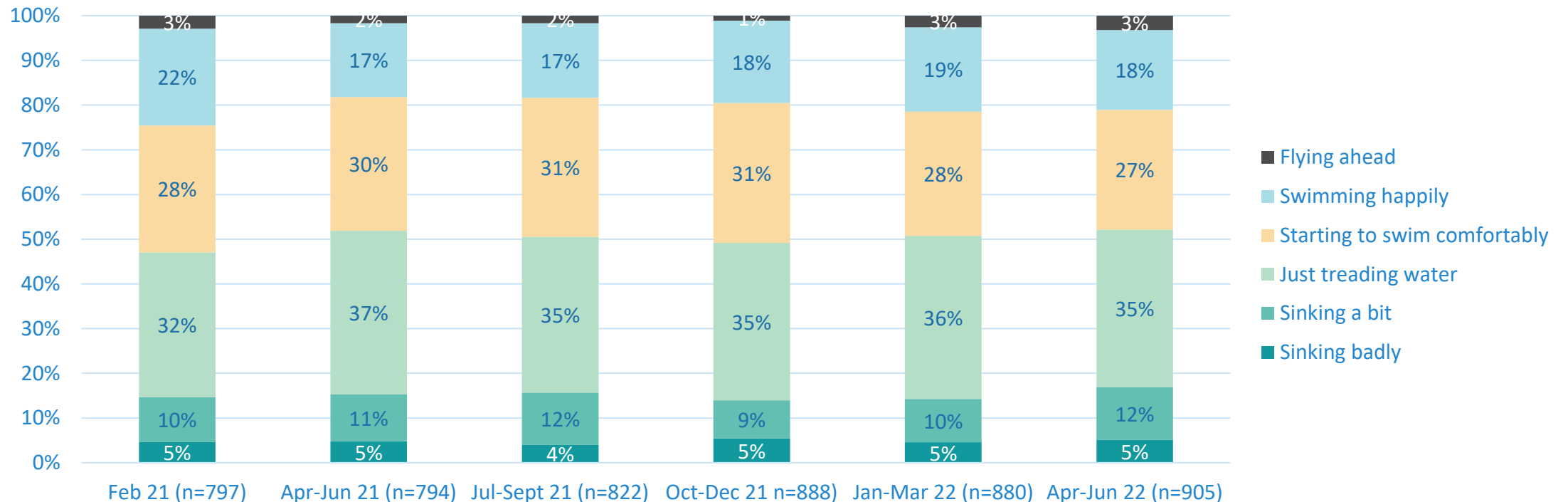


Source: TRA Insights programme: June 2022: Q3 (Jul-Sept) is the first time over 65s were surveyed



The first time we surveyed under 65s in this project showed that 53% of participants were at least 'starting to swim'. Numbers have not yet recovered to those levels, with 48% feeling the same way now. The proportion 'sinking a bit or badly' is now the highest since the survey began (17%) in Feb 21.

Looking at the phrases below, which one best describes your current financial situation? (Under 65 years)

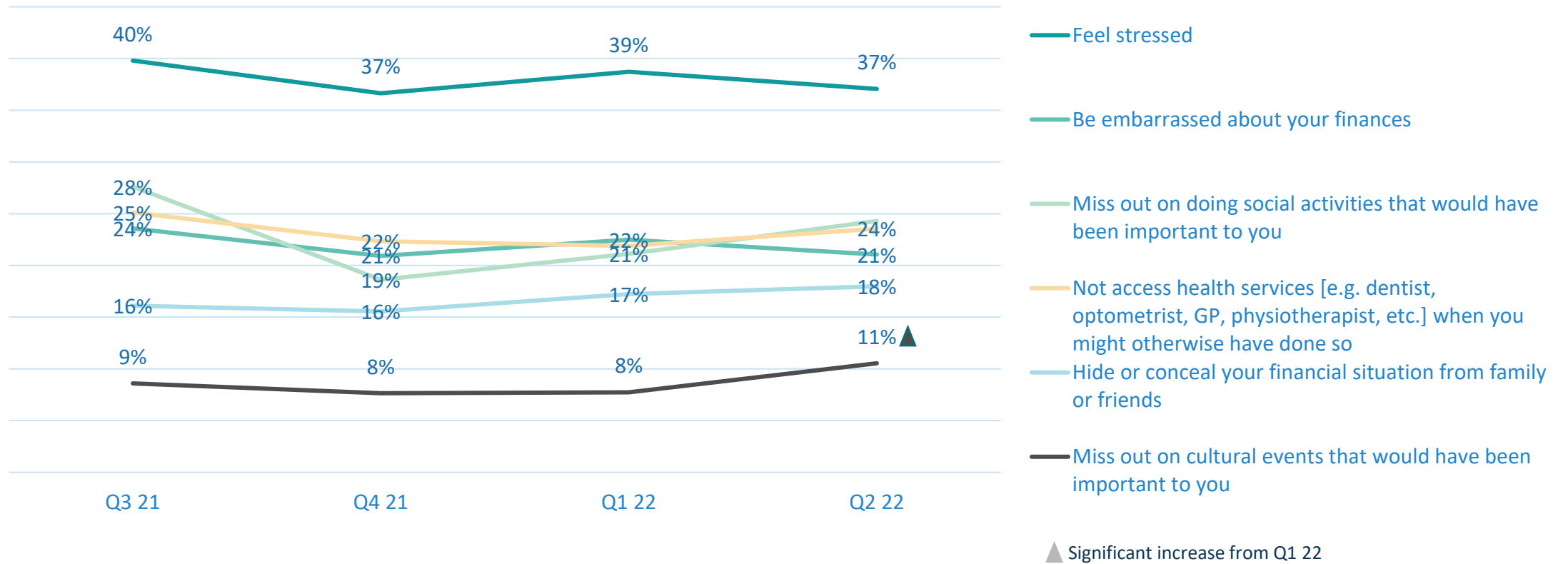


Source: TRA Insights programme: June 2022



The quarter also shows a trend towards social isolation (compared to Q4, 2021), including missing out on personally important cultural events (compared to Q1 2022).

Over the last year, has concern about money and your personal finances caused you to do any of the following

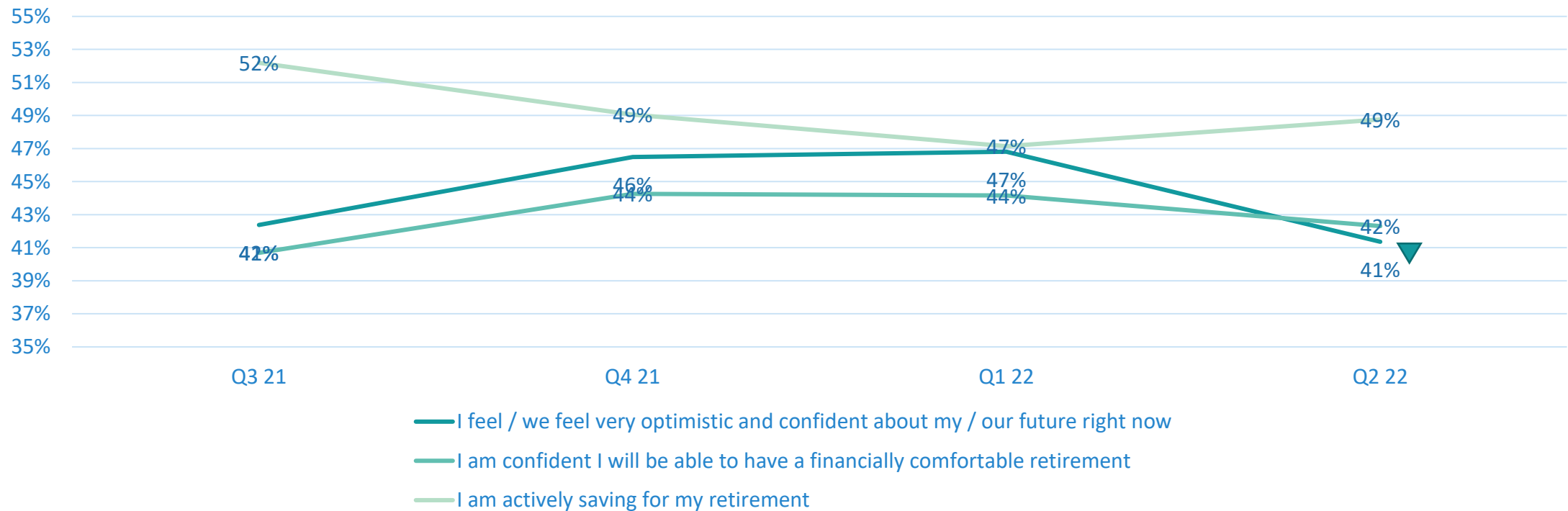


Source: TRA Insights programme: June 2022



There is some sign of a correction in the heightened optimism seen last quarter, falling significantly this quarter. However, retirement sentiment and planning statements are unchanged from last quarter.

### Quarterly results – perceptions of future



Significant decrease from Q1 22 ▼

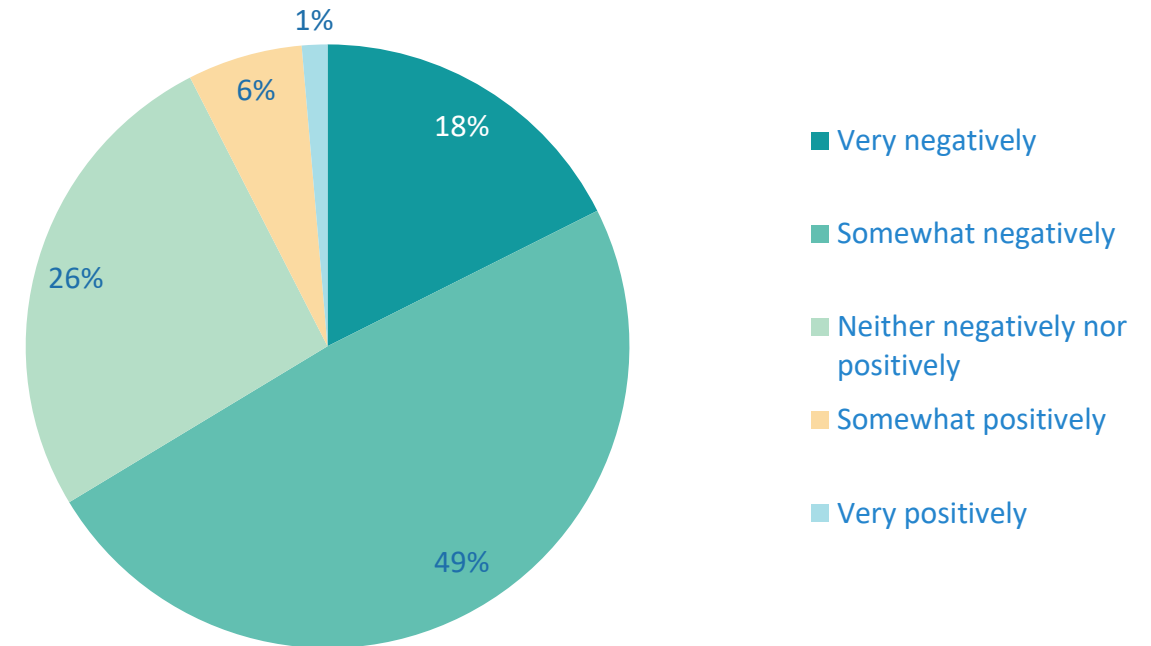




## Cost-of-living sentiment

- Women are more likely to say they have been impacted negatively by the cost-of-living crisis (75%, 20% very negatively), compared to men (57% negatively, 15% very negatively).
- Age also plays a role, with 51% of those aged 18-24 feeling it's impacted on them somewhat or very negatively, compared to 70% of over 45s.

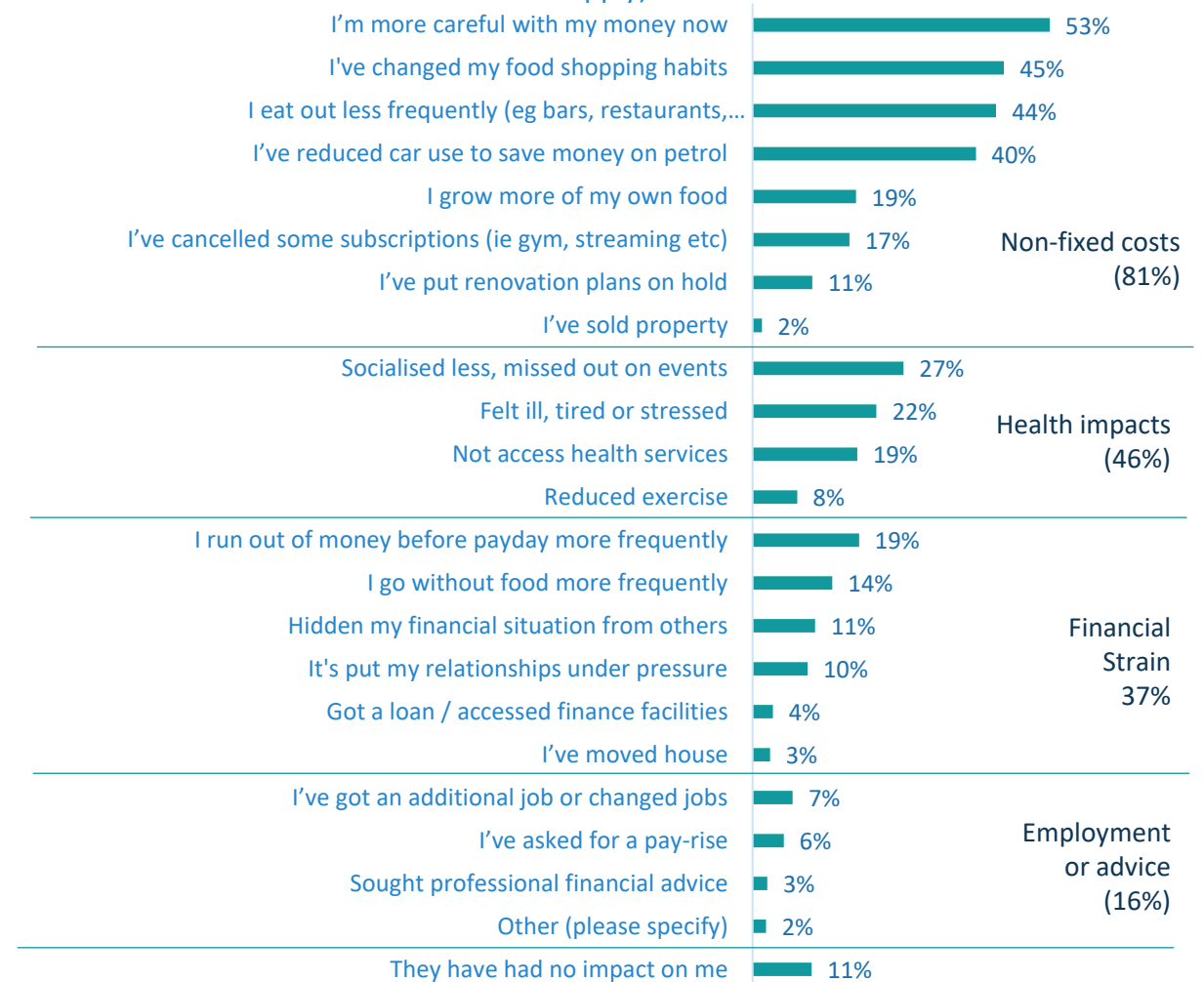
Q16 - You may have seen discussion in the media about the increases in cost of living. To what degree has the recent cost-of-living changes impacted on you and your family / whānau?



## Cost-of-living impacts

- Broadly, impacts could be grouped into managing non-fixed costs, health impacts, financial strain and employment/advice seeking behaviours.
- The most common behaviours fell into non-fixed cost management, with 81% of participants selecting an item in this group.
- Women are more likely to have experienced both non-fixed cost (85%) and health impacts (52%) compared to men.

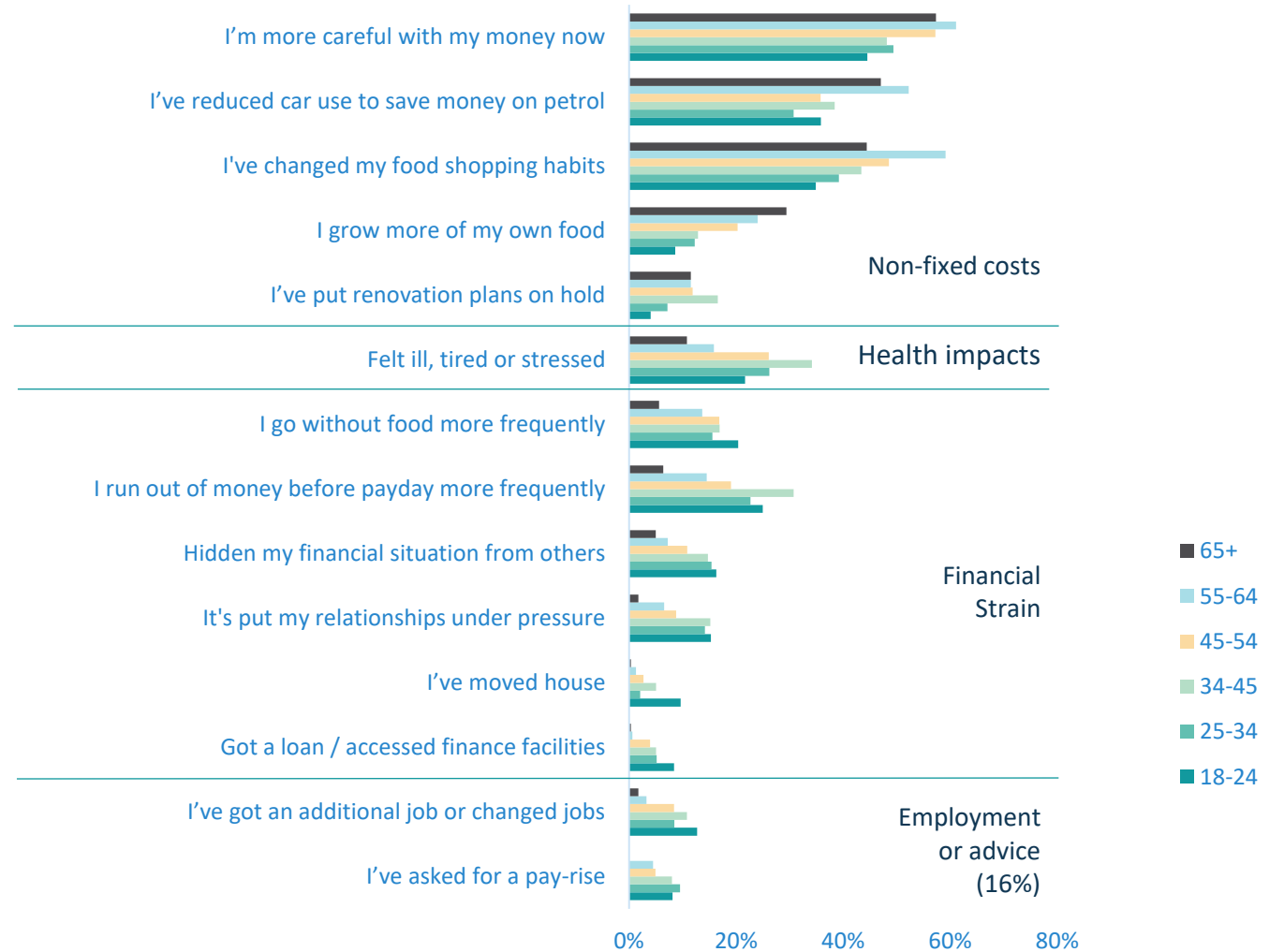
Q17 - What, if any, impacts have these increases had on you? (select all that apply)



# Cost-of-living impacts (by age)

- Managing non-fixed costs is a function of age, with older participants selecting these items much more frequently than younger participants.
- Mid-aged participants (35-44) are comparatively most likely of the age groups to be feeling tired/stressed and/or running out of money before payday more frequently.
- Those under 45 are more likely to be experiencing financial strain in general.

Q17 - What, if any, impacts have these increases had on you? (select all that apply)



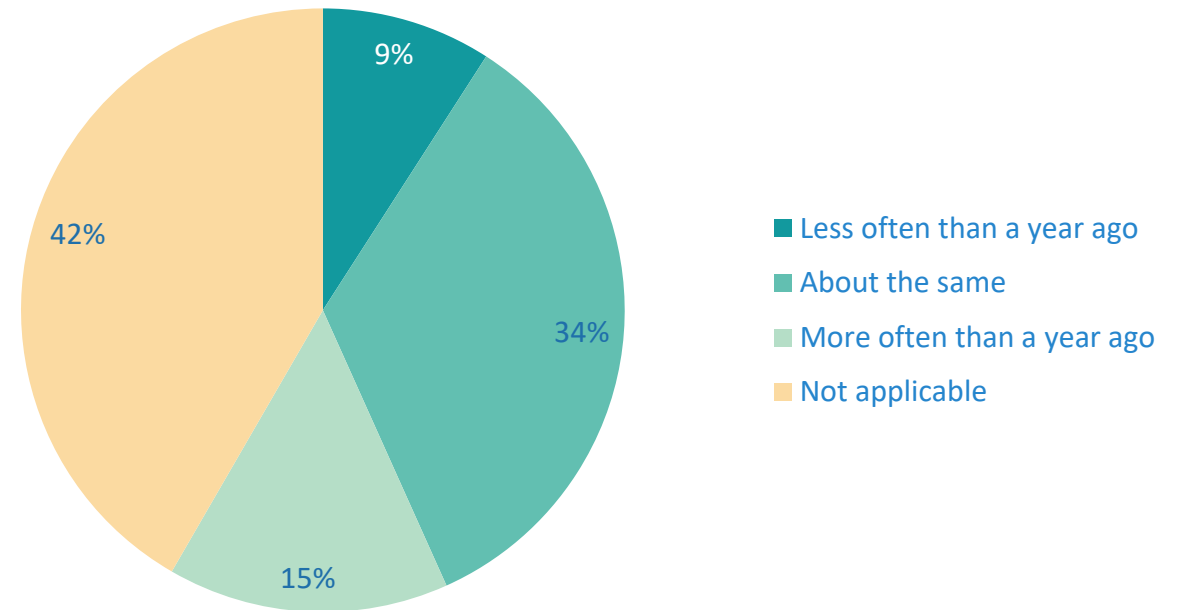
\*Showing items with significant differences only



## Use of BNPL/Afterpay/credit cards

- 17% of women say they are using these types of credit more than a year ago, significantly higher than men (13%).
- Among those who use such forms of credit (n=58%):
  - one in five of those aged under 45 are using them more than last year;
  - from 45, incidence declines with age, so that only 7% of those aged 65+ are using them more often than last year.
- NZ Europeans are less likely than Māori to use the facilities at all (54% compared to 71%),
  - However, among users, there are no ethnic differences in frequency of use.

Q18 - Compared to a year ago, how often have you had to live off a credit card/ Buy Now, Pay Later / AfterPay to cover the gap until you get some money?

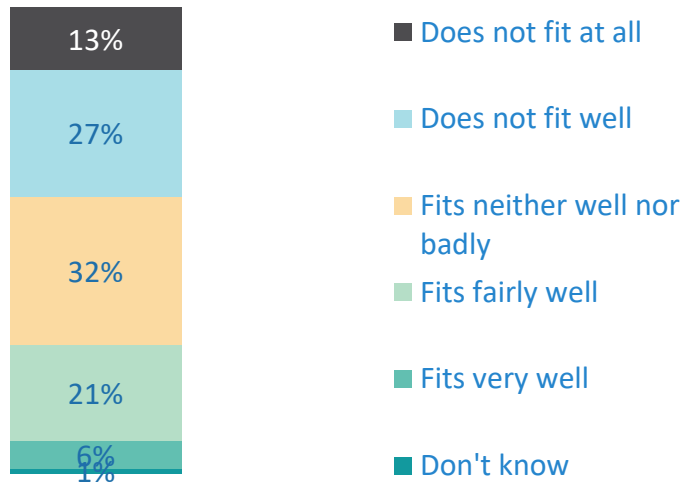


# Understanding behaviours that help you stay on top of your finances



# Activities to stay in financial control

'My financial situation is largely outside of my control':



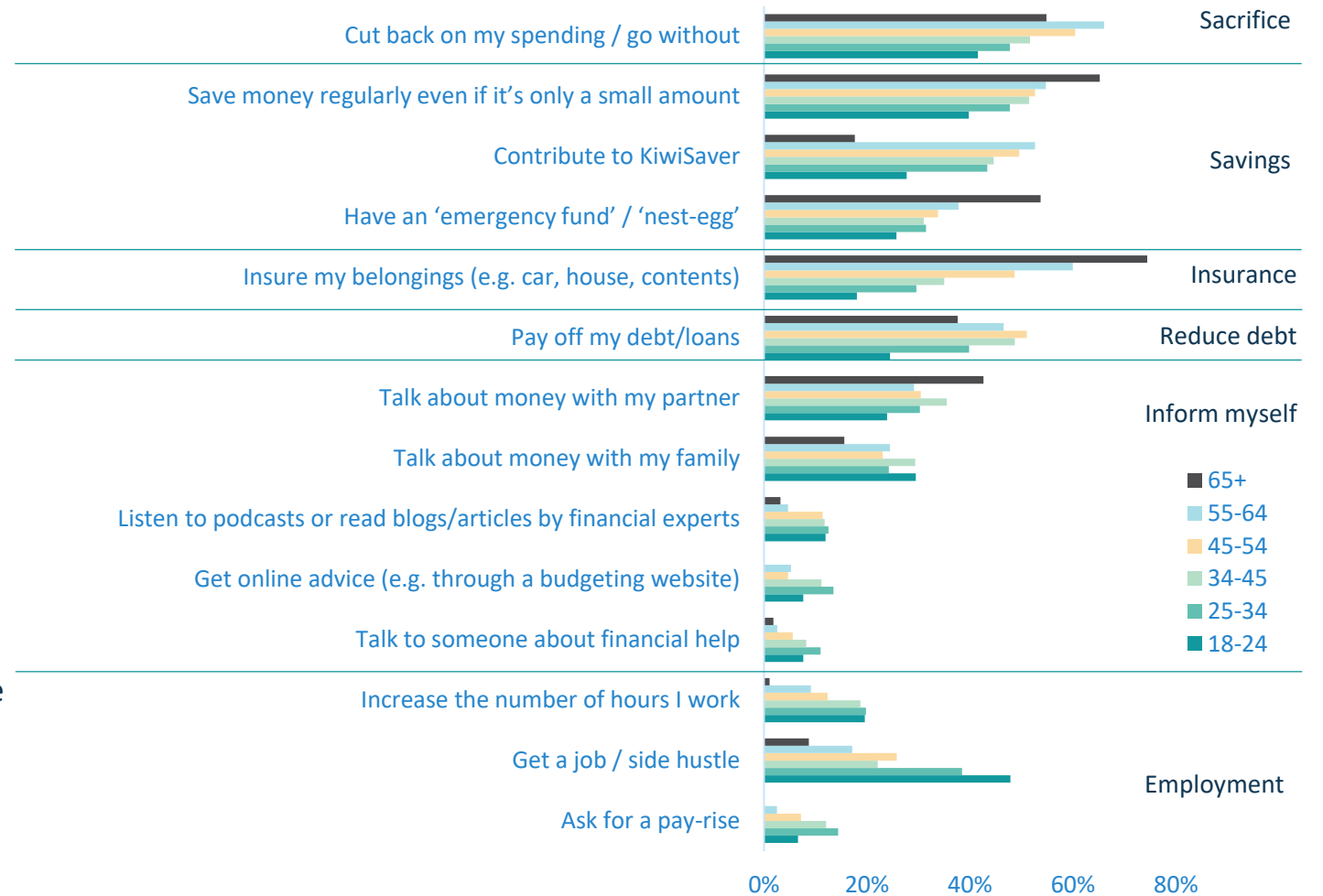
Q15 - Which of the following activities do you personally do to stay on top of your finances?



## Activities to stay in financial control (by age)

- To stay on top of their finances, older participants do without and/or save money regularly, even if it's a small amount, meaning they are much more likely to have an emergency fund to draw on (54%).
- Likelihood of insuring belongings is a function of age, with the oldest far more likely to do so than the youngest.
- Younger participants rely on employment, either working longer hours, or taking on additional employment.
- Despite this, only 28% of the 18-24s contribute to KiwiSaver as a means of feeling in financial control (compared to 53% of 55-64 year olds).

Q15 - Which of the following activities do you personally do to stay on top of your finances?



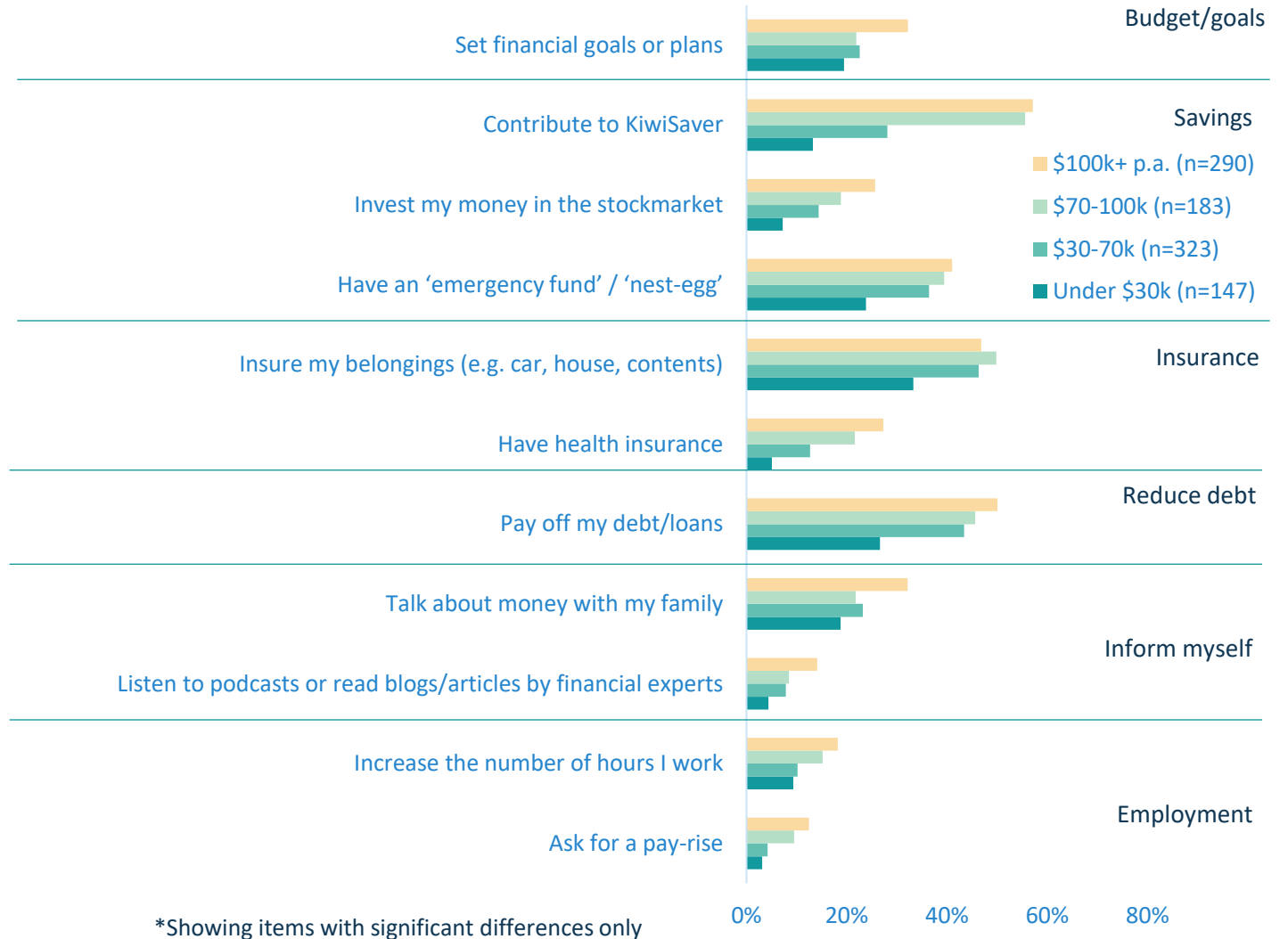
\*Showing items with significant differences only



## Activities to stay in financial control (by income)

- Those with the highest household incomes are able to do more activities to stay on top of their finances, particularly contribute to KiwiSaver (57%).
- Those with the lowest household incomes are particularly unlikely to name health insurance (5%) in relation to financial security.
- Income has no impact on savings or budgeting activities (not shown).

Q15 - Which of the following activities do you personally do to stay on top of your finances?



\*Showing items with significant differences only

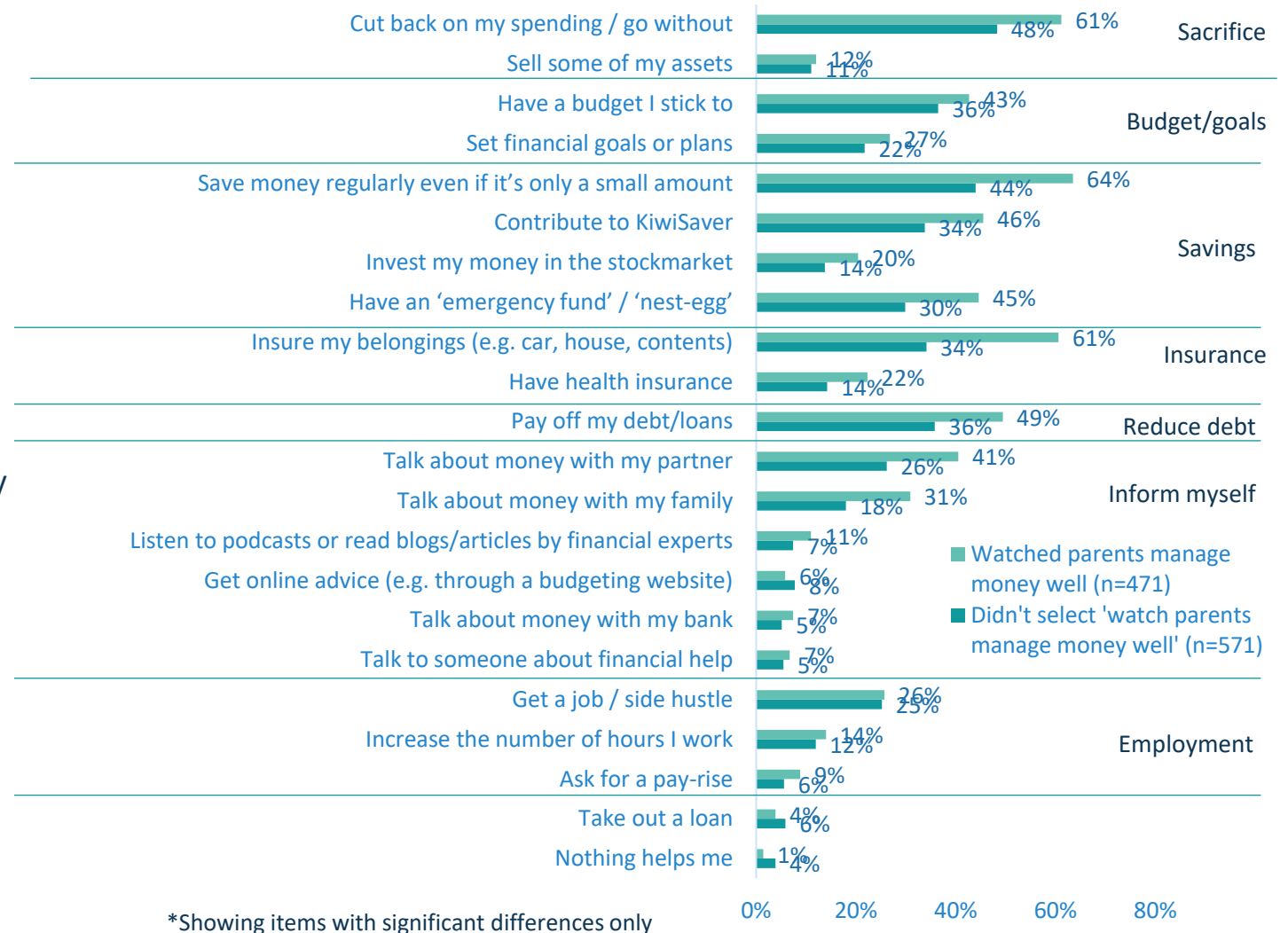




## Activities to stay in financial control (by observing parents manage money well – next section)

- Those who gained their financial values by watching their parents manage money well were more likely to undertake a range of activities to stay on top of their finances.
- In particular, they were more likely to cut back on spending, save money regularly, and insure their belongings.
- Other significant differences included contributing to KiwiSaver, having an emergency fund / nest egg, paying off debt, talking about money with their partner and talking about money with their family.
- Of note, those who selected ‘watch parents struggle with money’ were also more likely to select a number of activities (e.g. Cut back on spending (59%), pay off debt (47%), have a budget (44%) suggesting it’s not whether parents did well or not, but more the awareness and reflection on what appropriate activities would be helpful.

Q15 - Which of the following activities do you personally do to stay on top of your finances?



\*Showing items with significant differences only



# Attitudes, behaviour and demographics:

|            | Of those who feel in control...  |            | Of those who don't feel in control...   |
|------------|--|------------|---|
| Demos      | <p>69% are NZ Europeans (compared to average of 65%)</p> <p>41% have household incomes over \$100k p.a. (compared to 31%)</p>  | Demos      | <p>27% are Māori (compared to the average of 20%)</p> <p>21% have household incomes under \$30k p.a. (compared to 15%)</p>  |
| Attitudes  | <p>68% are good at resisting temptation when it comes to shopping</p> <p>77% agree they regularly try to save money for the future</p> <p>84% keep a close watch on their financial affairs</p> <p>85% are confident in their ability to manage money day-to-day</p> <p>90% say it's important to be financially independent</p> <p>56% disagree their partner is a spender rather than a saver</p>  | Attitudes  | <p>35% agree they are a spender rather than saver</p> <p>40% agree they live more for the present day than for tomorrow</p> <p>38% agree they really care about how other people see me</p> <p>40% agree their partner is a spender rather than saver</p> <p>23% agree they give money to others when they can't afford to</p> <p>22% agree they prefer to buy things on credit rather than wait and save</p> |
| Behaviours | <p>50% haven't needed to use BNPL at all in the last year</p> <p>32% have completely aligned financial goal setting with their partner</p> <p>66% Save money regularly even if it's only a small amount</p> <p>55% Insure their belongings (e.g. car, house, contents)</p> <p>50% Contribute to KiwiSaver</p> <p>50% Have an 'emergency fund' / 'nest-egg'</p> <p>60% talk about money with my partner (those who live with partner)</p> <p>33% Set financial goals or plans</p> <p>29% talk about money with my family</p> <p>24% Invest my money in the stock market</p> | Behaviours | <p>25% had to use BNPL more often in the last year</p> <p>57% have minimal or absent financial goal setting with their partner</p> <p>Less likely to do any activities designed to help stay on top of finances</p>   |



# Predictors of financial situation

- Driver analysis reveals the relative importance of demographic, attitudinal, behavioural and source of belief variables in predicting a person's perceptions of their financial situation (flying ahead – sinking badly)
  - Shapley scores show that 32% of the variance can be explained using these variables.
- Annual household income is the most important driver, contributing 15% to the variance explained, while current debt makes a small contribution at 4%.
- There are two attitudes that contribute significantly to financial situation perceptions:
  - 'I am confident in my ability to manage my finances day-to-day' (10%);
  - 'I regularly try to save money for the future' (9%)
- Focusing on 'I regularly try to save money for the future' specifically (with 41% variance explained), driver analysis shows that it is strongly associated with the other attitudes towards money, such as 'I keep a close eye on my personal financial affairs', 'it's important to be financially independent', and 'being a saver rather than a spender (reversed scale)'
- In terms of outcomes, the statement is also associated with being someone who:
  - 'saves money regularly even if it's only a small amount'
  - 'has an emergency fund/nest-egg'
  - to a lesser degree 'contributes to KiwiSaver' and 'sets financial goals or plans'.
- Thus while having a good household income is important for financial wellbeing, there is also a mindset about saving that contributes to more positive outcomes, independently of finances.



# Financial personalities

Participants asked to rate themselves on 5-point scale (1=disagree strongly; 5=agree strongly) on a number of statements.

- Principle components analysis revealed three dimensions:
  - Cautious Independence
  - Spontaneity
  - Social Connection
- All statements have loadings of at least +/- 0.500 on one dimension.

*Kaiser rule for selecting components; Rotated loadings; Input: Correlation matrix; Missing data setting: Use partial data (pairwise correlations); Sample size: 1016 to 1042; Rotation: Varimax*

## Cautious Independence (21%)

- I keep a close personal watch on my financial affairs
- I am confident in my ability to manage money day-to-day
- It's important to me to be financially independent
- Before I buy something I consider whether I really need it
- I regularly try to save money for the future
- When it comes to shopping, I am good at resisting temptation

## Spontaneity (20%)

- I am a spender rather than a saver
- I live more for the present day than for tomorrow
- I often do things without giving them much thought
- I prefer to buy things on credit rather than wait and save up

## Social Connection (10%)

- I really care about how others see me
- I give money to others when I can't afford to, and I don't know how to stop



| Over Indexes on:  | Scores High on Cautious Independence   | Scores High on Spontaneity  | Scores High on Social Connection                                 |
|---|--|---|--|
| 'My financial situation is largely outside of my control' | Does not fit   | Fits well   |  |
| Financial situation                                       | Starting to swim- swimming happily   |   |  |
| Age   | 55-65  | 25-34   | 18-34  |
| Ethnicity   | Asian  | Māori or Pacific Peoples  | Asian  |
| Source of money attitudes                                 | More sources   | Fewer sources except education in the workplace   | Observing what's normal from peers, education in workplace       |
| Talk to children about money                              | Agree strongly   |   |  |
| Activities to stay on top of finances                     | Many, especially setting financial goals/plans, saving, budgeting, having an emergency fund, investing, talking with partner | Fewer, except talking to someone about financial help, taking out a loan  |  |
| Impacts of cost of living crisis                          | More careful with money, shop differently, NOT get loans or hidden financial situation                                       | Many, particularly running out of money before payday, go without food, hidden financial situation, relationships under pressure, get an additional job | Putting relationships under pressure, moved house, sold property |
| Credit card/ Buy Now, Pay Later / AfterPay                | Not applicable   | More often than a year ago  |  |
| Partners  | Talks to partner about money, completely aligned financial goal setting  | Minimal alignment of goals with partner   |  |
| Income and Debt   | No debt  | HH income under \$30k; debt under \$100,000   | HH income \$70-100k  |



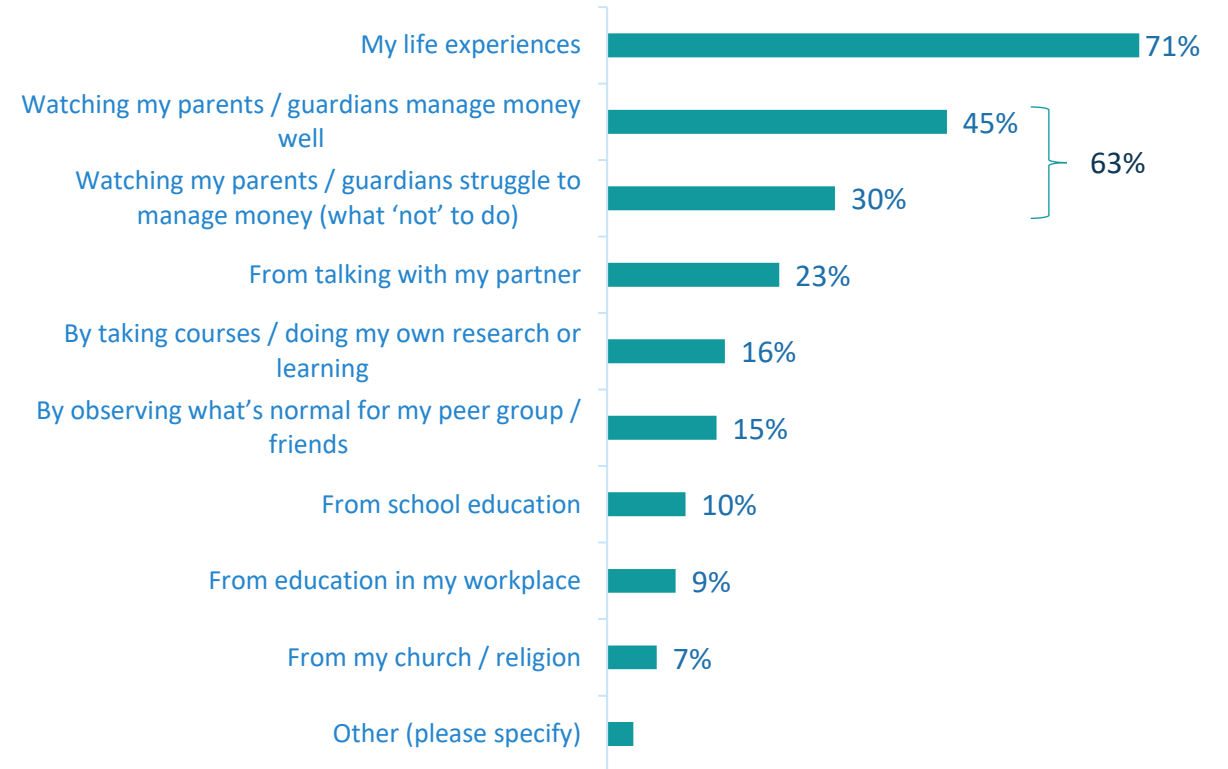
# Talking/learning about money



## Sources of money beliefs

- Not surprisingly, many people say their beliefs about money have come from their own life experiences.
  - This increases with age (83% of 65+ year olds select this compared to 51% of 18-24s).
- Nearly two-thirds have been informed by their parents (for better or worse).
  - 39% of Māori and 40% of Pacific participants say they've learned what 'not' to do from their parents compared to 29% of NZ Europeans.
- School education is low at 10%
  - However, 21% of those aged under 25 select this, either reflecting the relative newness of the topic in school curriculums, or the time away from school for older participants.
- Of note, 45% of those who watched their parents do well disagree with the statement 'my financial situation is largely out of my control', compared to 37% of those who didn't select the item

Q13 - Where do you think your beliefs about money have come from? (select all that apply)



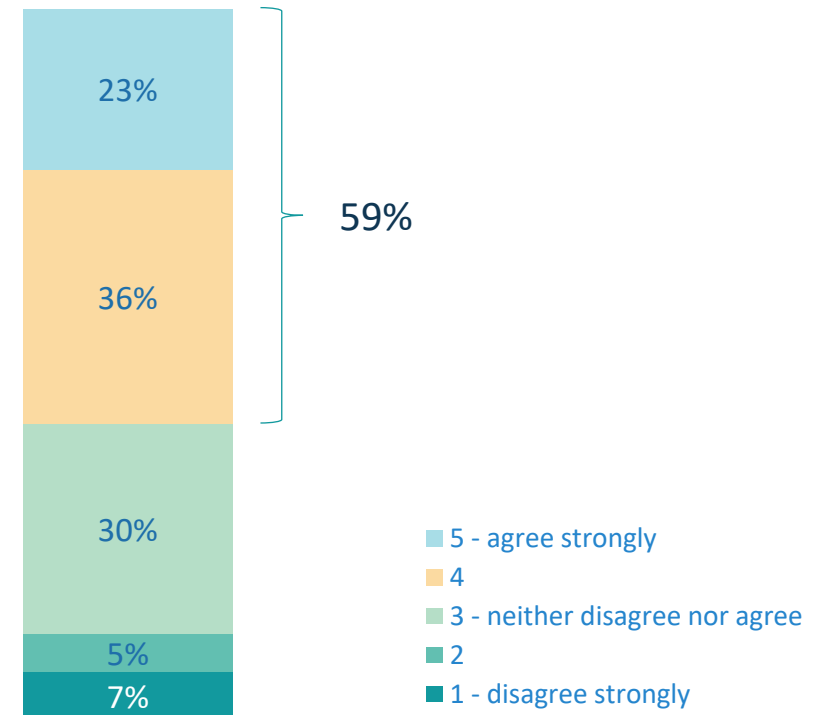
Total sample; Weight: base n = 1039; total n = 1042; 3 missing; effective sample size = 956 (92%)



## Talking to children / tamariki about money

- The following groups are more likely to say they agree or strongly agree they talk about money with their children:
  - Those aged 34-64 (likely due to their children being of appropriate age): 67%
  - Women (65%), compared to 51% of men
  - Have household incomes over \$100,000 p.a. (70%), compared to those under \$30,000 p.a. (41%)
  - Have personal incomes over \$100,000 p.a. (74%), compared to under \$30,000 p.a. (50%)
  - Those who selected their parents/guardians as a source of their money beliefs (65%) compared to those who didn't learn from their parents (49%).
- Attitudinally, they are more likely to also agree that:
  - It's important to be financially independent
  - I keep a close personal watch on my financial affairs
  - I am confident in my ability to manage money day-day
  - Before I buy something I consider whether I really need it.
  - I regularly try to save for the future
  - When it comes to shopping I am good at resisting temptation

Q14 - Please indicate how much you feel the following statements fits you personally: I talk to the children / tamariki in my household about money



Total sample; Weight: Weight; base n = 637; total n = 1042; 405 missing; effective sample size = 575 (90%)

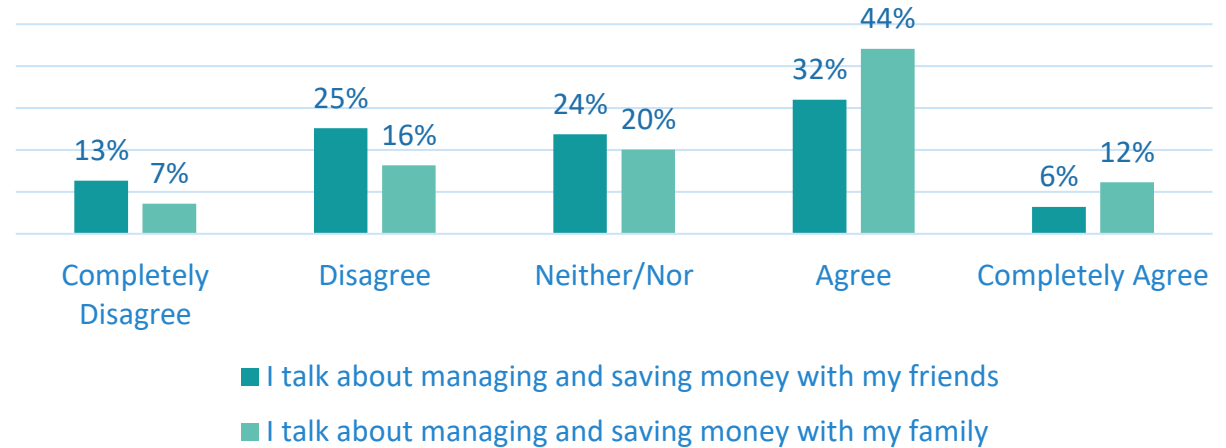




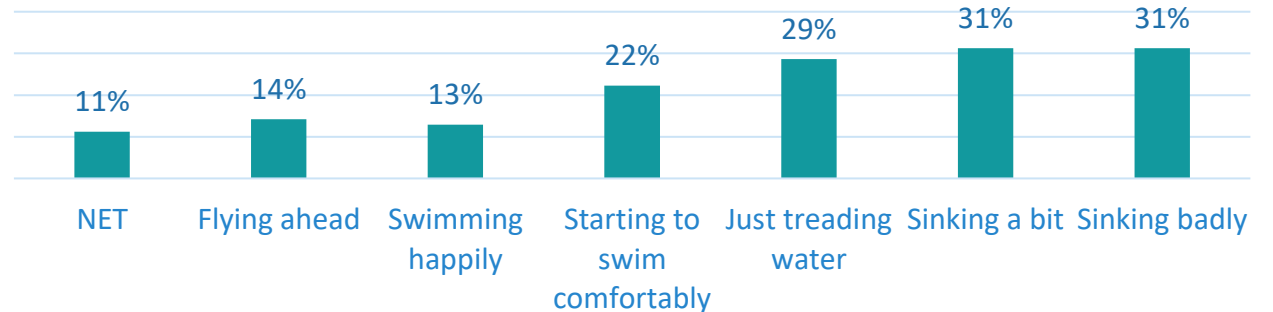
# Talking to friends and family

- People are more inclined to talk about their finances with family than friends (56% and 38% respectively).
- Just over one in ten (11%) don't talk to either friends or family about their finances.
  - Financial situation worsens as incidence of talking to friends or family drops.
  - Those who are in a difficult financial situation may be embarrassed and don't want to discuss it.
  - However, by discussing difficult finances, people can share their concerns and work together to come up with possible ways of dealing with the issues.
- Asian participants are most inclined to talk about money with others (70% family, 50% friends).
- Those living ahi kā are more inclined to talk about money with family (62%) and friends (46%) compared to those living taura here / matā waka (50% and 37% respectively)

How much do you agree or disagree with the following statements

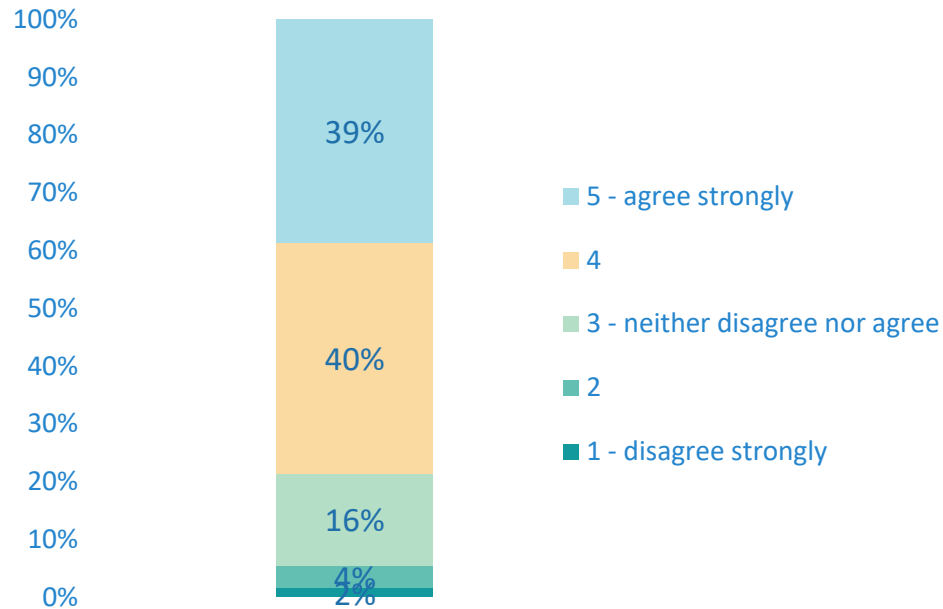


I [don't] talk about managing and saving money with my friends or family (n=1162)



The majority of people who live with a spouse/partner say they talk to their partner about money (79%). 21% live with someone with the opposite spending inclination, while 38% are very similar to each other.

I talk to my partner about money [those living with partners, n=657]



|                                    |                                | My partner is a spender rather than a saver |                                |                        |
|------------------------------------|--------------------------------|---|--------------------------------|------------------------|
|                                    |                                | 1 - disagree strongly + 2                   | 3 - neither disagree nor agree | 5 - agree strongly + 4 |
| I am a spender rather than a saver | Total %                        |   |                                |                        |
|                                    | 1 - disagree strongly + 2      | 28%   | 8%                             | 14%                    |
|                                    | 3 - neither agree nor disagree | 10%   | 9%                             | 8%                     |
| 4 + 5 - agree strongly             |                                | 7%  | 5%                             | 10%                    |

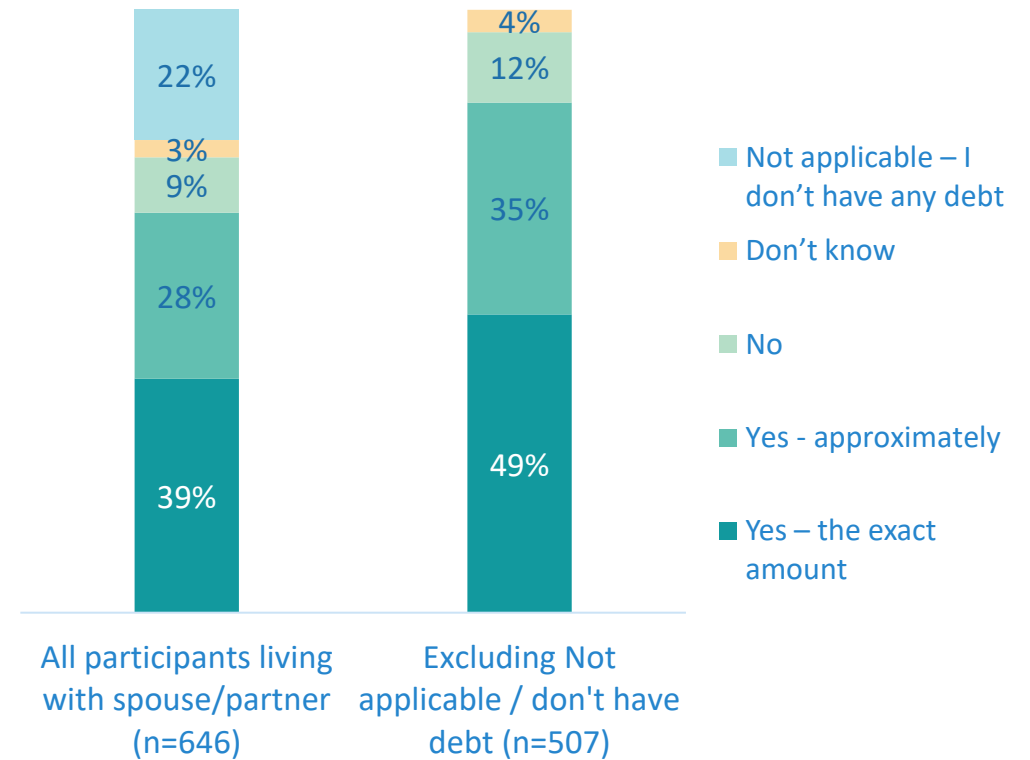
Total sample; Weight: Weight; base n = from 655 to 656; total n = 1042; 387 missing; effective sample size = 612 (93%)



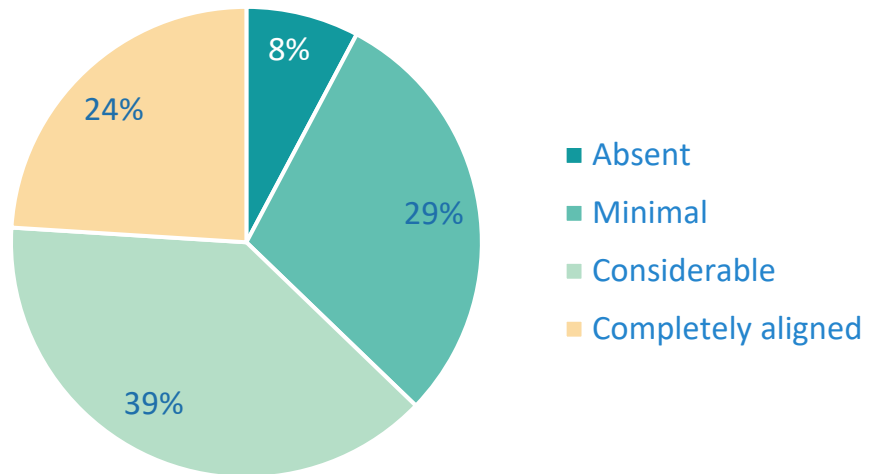
# Debt disclosure with partners

- Just over one in five don't have debt to discuss with their partner.
  - Nearly half (43%) of those in the 65+ age group say they don't have debt compared to 5% of under 25s
  - Māori and Pacific People are less likely to say 'not applicable/don't have debt' (8% and 7% respectively)
- Of those who do have debt:
  - likelihood to discuss it with their partner/spouse increases with age, so that 71% of over 65s with debt say their partner knows the exact amount.
  - In contrast, 21% of those aged 18-24 don't discuss this with their partner.
  - Women are more likely to disclose this to their partner exactly (54%) compared to 45% of men.

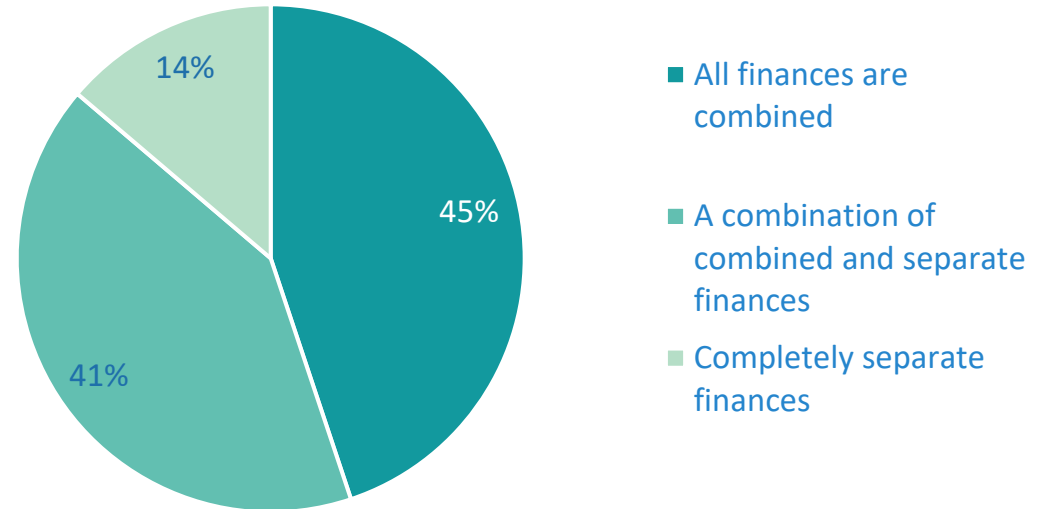
Q20 - Does your partner / spouse know how much debt you have? [those who have debt]



Q21 - How would you describe your financial goal setting with your partner?



Q22 - Do you keep yours and your partner's finances separate or combined?



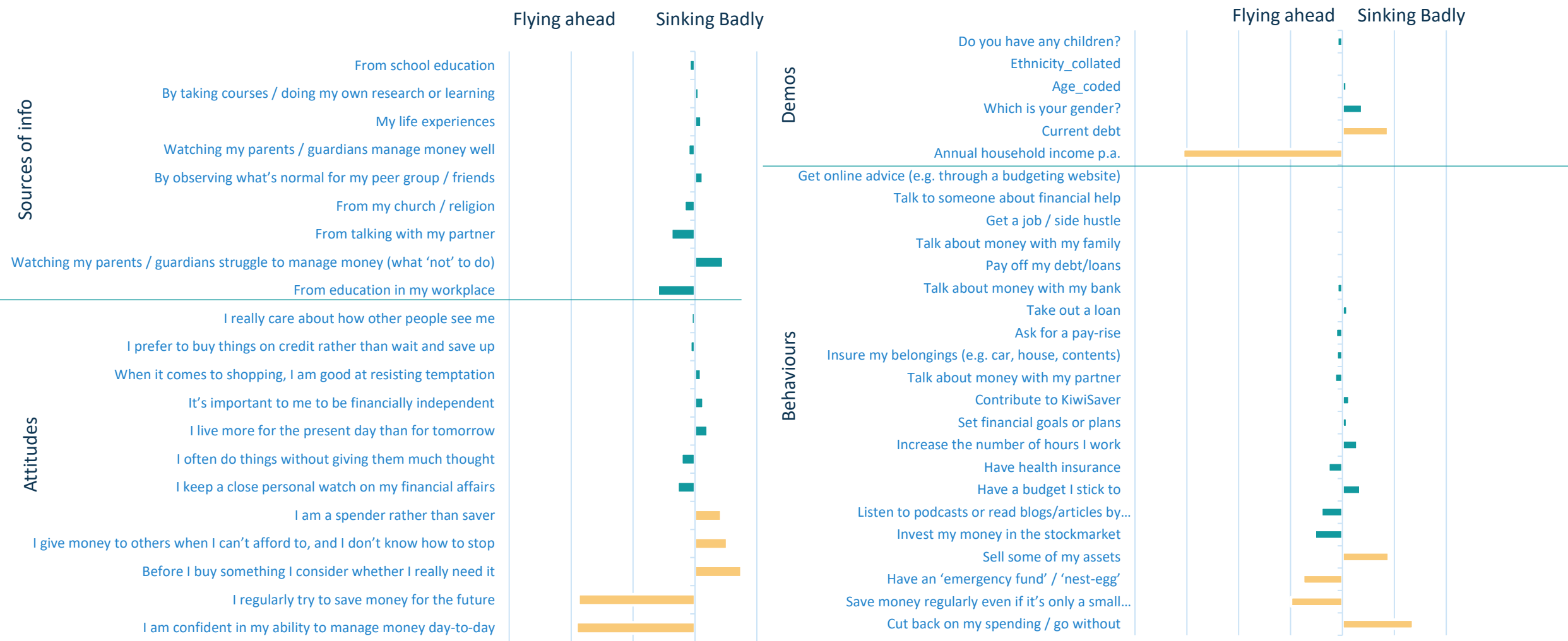
Base n = 657; total n = 1042; 385 missing; effective sample size = 600 (91%)



# Appendices



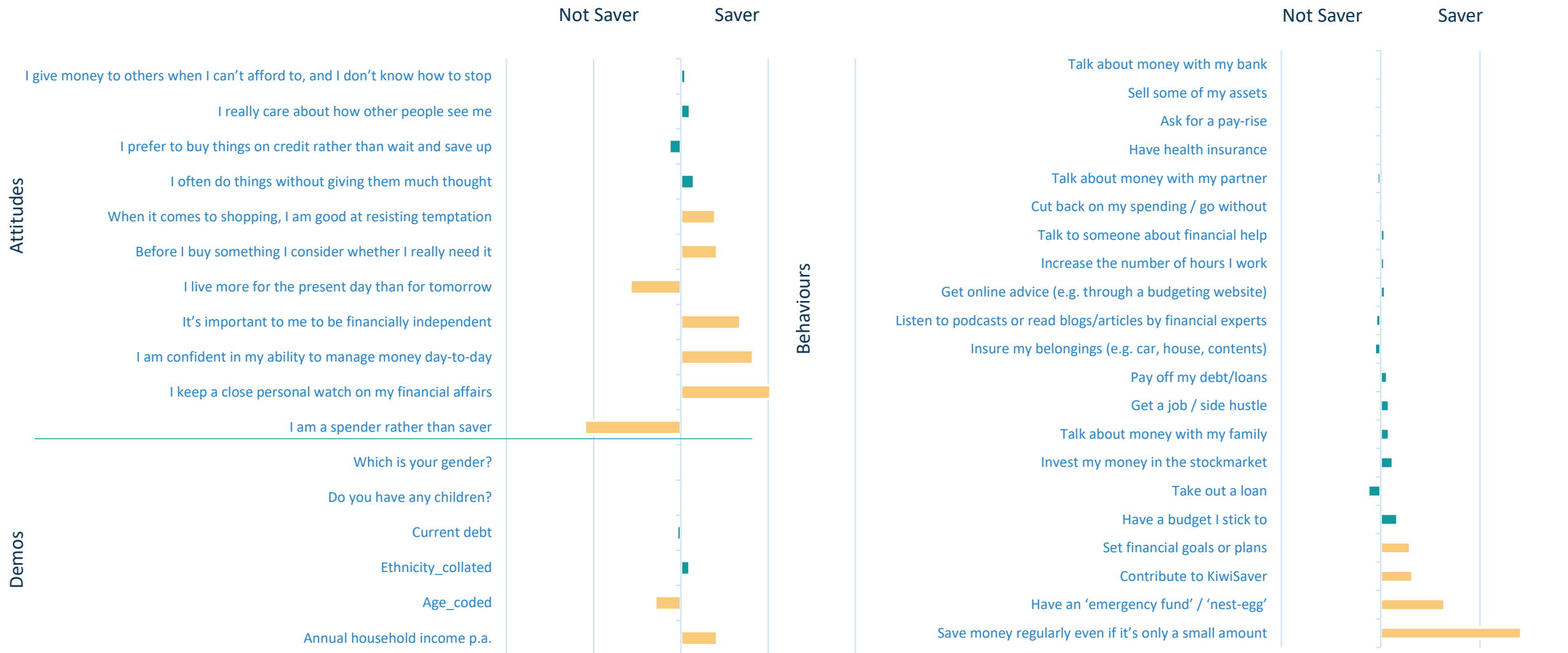
# Relative Importance: Predicting Financial Situation



Total sample; Unweighted; base n = 890; total n = 1042; 152 missing; Dependent Variable: Q9 - Looking at the phrases below, which one best ...: Looking at the phrases below, which one best describes your current financial situation Multiple comparison correction: False Discovery Rate (FDR) (p = 0.05) R-squared = 32.6



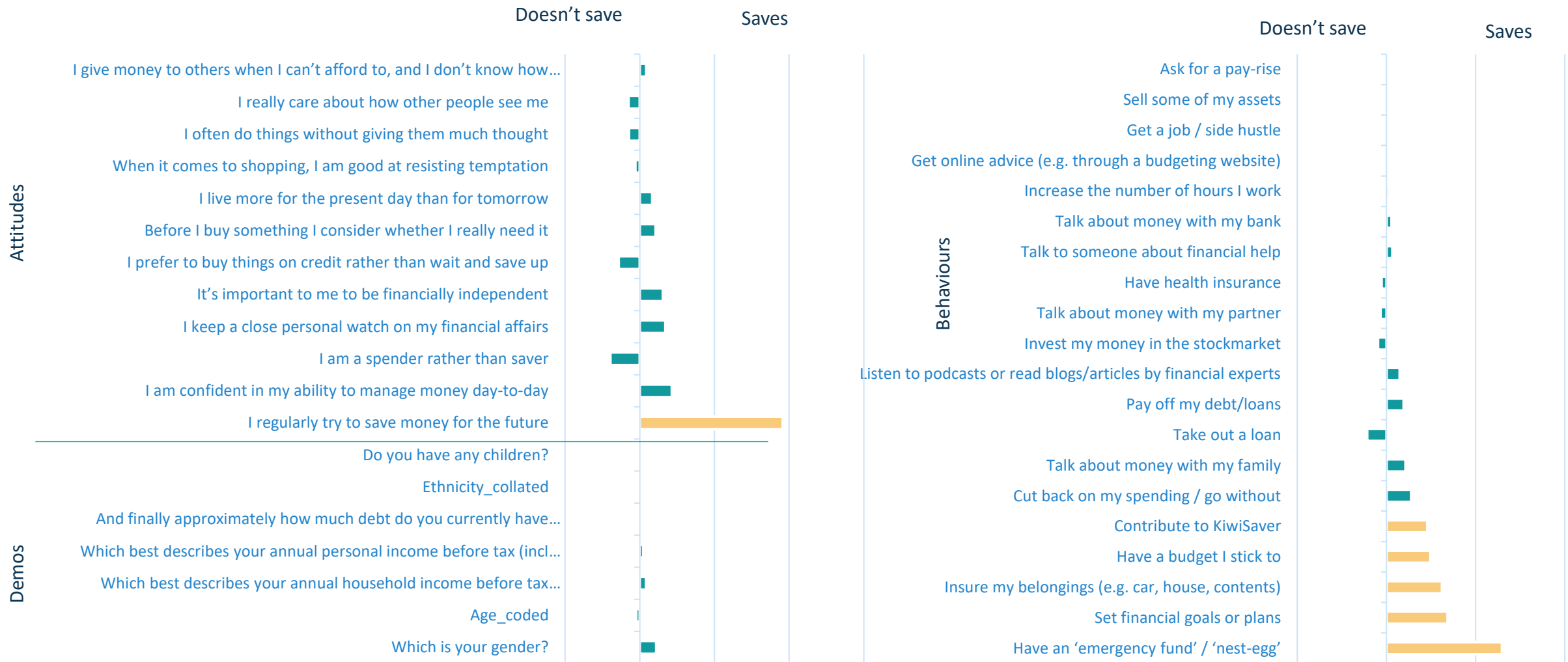
# Relative Importance: Predicting 'I regularly try to save money for the future' (attitude)



Total sample; Unweighted; base n = 895; total n = 1042; 147 missing; Dependent Variable: attitudes (I regularly try to save for the future) Multiple comparison correction: False Discovery Rate (FDR) (p = 0.05) R-squared = 41.3



# Relative Importance: Predicting 'Regularly saves even if it's a small amount' (behaviour)





# Relative Importance: 'Predicting having a nest egg / emergency fund' (Behaviour)

