Shared financial wellbeing measurement tool for feedback by **6 April 2024**

3.1 Summary of shared measures

REFINING MEASURES

After reviewing international research and gleaning insights from 33 people working in financial capability in NZ, the result is 10 simple financial wellbeing measures.

WHAT THE MEASUREMENT TOOL INCLUDES

Defining where to draw the line on measures to include was the most challenging part of this project. Financial wellbeing can be so broad that other measurement tools often spanned into 50+ questions. Given the challenge of measuring financial wellbeing, we had to zero in on the most important outcomes to measure. The result is 10 measures of financial wellbeing, specific to financial growth and resilience.

Refining measures is a start, but there needs to be an easy way to measure progress, without exhausting participants or providers with needing complex individual financial data. This is when a measurement tool comes in handy. We suggest 15 easy multichoice questions that providers can use on participants to assess changes to these measures. There are two sets of questions – one to establish where someone is at pre-intervention, and one post-intervention to capture progress made. We also include a simple way for providers to score answers which can be useful to help calculate the impact of their intervention.

Longer-term we want to use the shared resource hub as a place for providers to share interventions and scores (potentially anonymously) with others working in this space so we can continue to learn from each other.

Figure 1: Shared financial capability measures

	FINANCIAL GROWTH MEASURES
1	Increase saving regularly
2	Increase amount invested
3	Increase return potential
4	Accelerate repayments on interest-incurring debt
5	Reduce everyday borrowing
6	Meet all financial obligations to avoid consequences
7	Reduce financial product fees and interest paid

	FINANCIAL RESILIENCE MEASURES
1	Keep emergency savings
2	Have relevant insurances, wills and enduring powers of attorney in place
3	Review protection regularly

3.2 Shared measurement tool for use in financial capability programmes

A TOOL FOR FINANCIAL CAPABILITY PROVIDERS

The measurement tool is primarily for the provider's use, but has the added benefit of helping participants see where they could make changes to improve their financial wellbeing. It is up to the provider to decide whether the results are shared with the participant. Sharing results with the participant can be motivating if improvements are seen. However, declines in scores, or no improvement, may serve to reduce motivation.

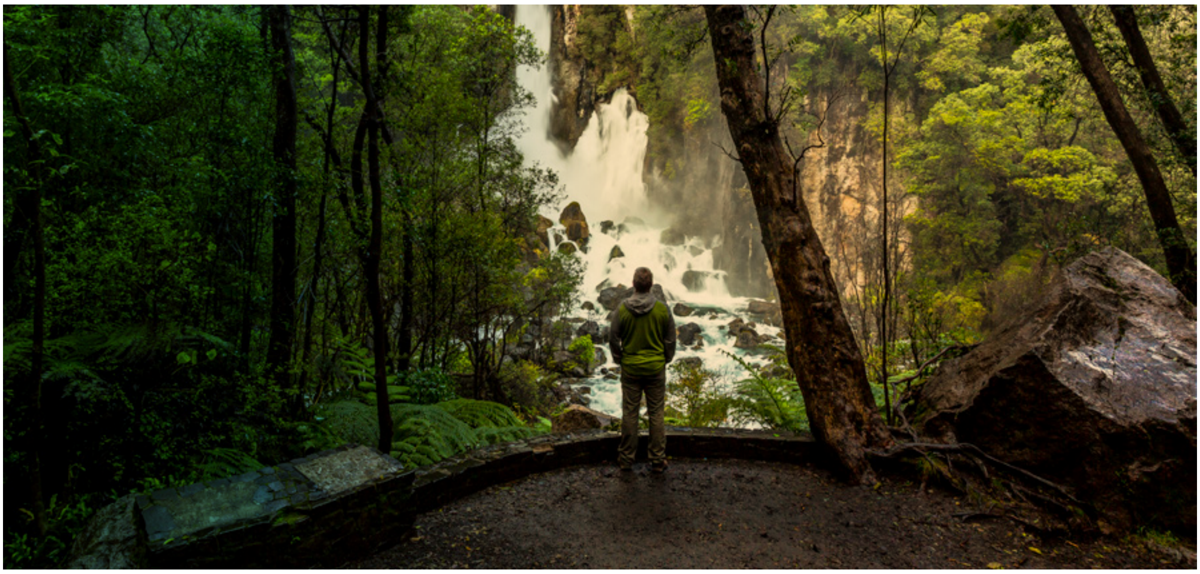
A CONSISTENT WAY TO MEASURE CHANGE

We recommend using the whole survey to allow for indirect consequences of the intervention, service or product to be measured. It also allows the provider to compare the results to other interventions, services or tools that are assessed with the measurement tool in the same way. Over time, a benchmark may be established for that provider, to which each intervention, tool or service could be compared. The survey measurement tool can be completed online or on paper.

MEASURING BEFORE AND AFTER AN INTERVENTION

The survey is first used before an intervention to measure someone's baseline. The same questionnaire (with slight wording differences) can then be used after the intervention to measure progress.

It is up to the provider when to survey participant progress following the intervention. We suggest the post questionnaire can be filled out between 1-3 months after the intervention (ideally not too long as to getting a drop-off in completion, but long enough to give someone time to make a change). The impact of the intervention is represented by the change in score from pre to post. Most questions remain the same for pre and post, however some questions have wording differences as specified in the questionnaire tool.



PLEASE ANSWER THE QUESTIONS AS A WHĀNAU IF MONEY IS SHARED.

Figure 3: Questionnaire tool for pre and post financial capability interventions

Question	Answer options	Pre scoring	Post scoring
SAVING AND EMERGENCY FUNDS			
Q1. [pre] Do you typically set aside money for savings? **[post]** In the time since you completed the [intervention] have you set aside money for savings? [select one]	No	0	0
	Yes – occasionally	2	2
	Yes – regularly	3	3
Q2. [pre] In the last six months, have you increased the amount of money you regularly set aside? [select one] **[post]** In the time since you completed the [intervention] have you increased the amount of money you regularly set aside?	No, I don't have any spare money to put aside	0	0
	No, it's not something I've thought about	0	0
	No, I planned to but something got in the way	1	1
	No, I increased it a while ago so won't make any changes for a while	2	2
	Yes	3	3
Q3.[15] How much could you access if you urgently needed it without having to borrow? [select one]	$0	0	0
	$1 to 50	1	1
	$51-100	1	1
	$101-500	1	1
	$501-1,000	2	2
	$1,001-3,000	2	2
	$3,001-5,000	3	3
	More than $5,000	3	3

15 In this situation we are asking about 'easily accessed' funds, so an asset rich, but cash poor, individual may be in the same situation as a cash poor individual with fewer assets if their assets are difficult to access urgently. Scores are bracketed equally to accommodate someone with very little money vs someone with a bit more (relative), but it also needs to relate to ability to pay for specific emergencies (absolute). For instance, the cost of emergency dental work might be the same, regardless of whether the person has a large or small emergency fund.

We decided that answers should be an amount rather than a relative type of answer such as "three months' worth of expenses" to better accommodate progress people have made who have just started building an emergency fund. We welcome alternative suggestions for allowing a balance between relative and absolute preparedness for emergencies.

Question	Answer options	Pre scoring	Post scoring
INVESTING AND KIWISAVER			
Q4. Are you actively contributing to investments such as KiwiSaver, managed funds, shares? [select one]	No, I don't have any spare money to invest	0	0
	No, I haven't thought about doing so	0	0
	No, but I am planning to do so in the near future	1	1
	No, but I am actively researching where I wish to invest/contribute	2	2
	Yes	3	3
Q5.[26] **[pre]** Have you increased the regular amount you invest in the last six months (including KiwiSaver)? **[post]** As a result of the [intervention] have you increased the regular amount you invest (including KiwiSaver)?	I don't have any investments	0	0
	No it's not something I've thought about	0	0
	No, I planned to but something got in the way	1	1
	Yes	3	3
Q6. [pre] Have you checked if your investment / KiwiSaver choices are in line with your goals? *(i.e. kinds of investments, or type of fund, based on your timeframe and comfort level with risk)?* **[post]** As a result of the [intervention] have you checked if your investment / KiwiSaver choices are in line with your goals? [select one] *(i.e. kinds of investments, or type of fund, based on your timeframe and comfort level with risk)?*	I don't have any investments	0	0
	I'm not sure what this means	0	0
	I don't know and probably won't check	0	0
	I don't know, but intend to check in the near future	1	1
	I have checked within the last year and am in the process of making appropriate changes	2	2
	I have checked within the last year and am currently happy with the investments and types of funds I have	3	3

16 Increasing investment contributions will create financial growth, but it's unlikely people are able to actively increase amounts on a frequent basis. So, we have limited this to last six months, and have grounded any change to the intervention, service or tool. Wording of the post-survey is altered to tie any change to the intervention.

Question	Answer options	Pre scoring	Post scoring
DEBT AND BORROWING			
Q7.[17] **[pre]** Typically, do you borrow to: **[post]** In the time since you completed the [intervention], did you borrow to:	Pay for essentials (not counting a mortgage)	-3	-3
	Pay for non-essentials	-2	-2
	Pay for an emergency situation	-1	-1
	I don't borrow money for anything	0	0
Q8a. [18] How many of the following debt products do you owe money on? • Buy now pay later • Store card • Credit card • Bank overdraft • Car loan • Personal loan • Payday loan (a loan that needs to be paid off by your next pay) • Other (e.g. loan from whanau or friends with interest or agreed lump-sum payments)	3 or more debt products	-3	-3
	2 debt products	-2	-2
	1 debt product	-1	-1
	I don't owe money on any of these	0	0
Q8b. Do you have a home loan?	Yes	3	3
	No	0	0
Q9.[19] **[pre]** Thinking about a typical month, which reflects your debt repayment? 'Across all my debt products..._______' [select one] **[post]** As a result of this [intervention], which reflects your debt repayment? 'Across all my debt products...________' [select one]	I don't have any debts to repay	0	0
	I've been unable to pay any of the required payments	-3	-3
	I've paid some money but been unable to meet all of the minimum payments	-2	-2
	I've met all my minimum payments	0	0
	I've paid more than the minimum on at least some	2	2
	I paid more than the minimum payment on all of my debt products	3	3

Question	Answer options	Pre scoring	Post scoring
REDUCING FEES AND INTEREST PAID			
Q10. [pre] In the last year have you taken actions to reduce the interest being charged on your debts? *(e.g. consolidating loans, balance transfer, switching to a cheaper provider)* **[post]** As a result of this [intervention] have you reduced the interest being charged on your debts? *(e.g. consolidating loans, balance transfer, switching to a cheaper provider)*	No, I haven't tried to	0	0
	I have thought about trying to but not yet started looking	0	0
	I have started looking at ways I can do this	1	1
	I have looked at this but I can't get the interest rates any lower	2	2
	Yes, I have taken actions to reduce the interest being charged	3	3
Q11. [pre] Typically, how many times each month do you have to pay extra because you missed a payment? [select one] *(E.g. late fees, default fees, loss of prompt payment discounts)* **[post]** In the time since completion of [intervention] how many times in the last month did you have to pay extra because you missed a payment? [select one] *(E.g. late fees, default fees, loss of prompt payment discounts)*	Can't remember	-3	-3
	More than four times	-3	-3
	Four times	-2	-2
	Three times	-2	-2
	Twice	-1	-1
	Once	-1	-1
	Never	0	0

17 This is a multiselect question that relates to borrowing for everyday expenses. Home loans are excluded because they are not everyday expenses.

18 This question relates to any change in borrowing behaviour and whether someone has reduced it altogether. An improvement would represent a decline in the number of debt products after an intervention and/or acquisition of a home. We have included buy now pay later because we believe this product represents borrowing/debt behaviour even though it is not interest-accruing. We have made all debts the same weight except home loans because we wish to avoid 'advising'. However, home loans are typically for a significant asset and will have required a significant deposit, providing some protection.

19 The crux of this question relates to overall debt repayment acceleration, rather than needing the granularity of loan type and repayment category (e.g. minimum, more than minimum, and paid off for each loan type).

Question	Answer options	Pre scoring	Post scoring
Q12. [pre] In the last year, were you able to lower the fees associated with your investments like KiwiSaver, or your bank accounts or cards? [select one] **[post]** As a result of this [intervention] did you lower the fees associated with your investments like KiwiSaver, or your bank accounts or cards? [select one]	No, I haven't tried to	0	0
	I have thought about trying to but not yet started looking	0	0
	I have started looking at ways I can do this	1	1
	I have actively determined that I am currently getting value for money with my fees	2	2
	Yes, I made changes that lowered fees	3	3

Question	Answer options	Pre scoring	Post scoring
PROTECTING WHAT'S IMPORTANT			
Q13. [20] Thinking about the things that are important to you, such as your health, life/funeral, family/whānau, home/property, income, car and your 'stuff' which describes you? ('insurance' includes things like health insurance, home and contents, third party or full car insurance, funeral insurance, life insurance, income protection, etc)	I haven't got insurance to cover any of these things	0	0
	I am partly insured for some of these things	1	1
	I am fully insured for some of these things, but NOT insured for the other things that are important to me	1	1
	I am fully insured for some of these things, and partly insured for the other things important to me	2	2
	I have fully insured all the things that are important to me	3	3
Q14. [21] How many of these do you have? • A will • Enduring power of attorney – Health • Enduring power of attorney – Property (financial affairs)	All three	3	3
	Two of these	2	2
	One of these	1	1
	None	0	0
Q15. Have you thoroughly reviewed your insurance cover, your will, or enduring powers of attorney within the past three years? [select one] (This needs to be more than reading an annual review letter but does not necessarily have to be with an adviser or lawyer.)	I don't have any of these	0	0
	No, I haven't thought about it	0	0
	No, but I have thought about it	1	1
	No, but I am planning to do so in the near future	2	2
	Yes	3	3
		Total	**Total**

20 This was initially a very complex question, asking the participant to identify what in their life they wanted to protect, and then what they used to provide protection. We had two issues with this. Having an increasing number of things to protect doesn't mean a person is growing financially. Additionally, given the cost of insurance, it is not always case of having maximum insurance (e.g. life insurance becomes far less important if the mortgage is paid off and children are no longer dependent). Rather we decided that we simply need to know whether people have insured all the things that are important to them.

21 We have separated out wills and EoPs from question 14 as these represent a different form of protection. We have also removed Trusts – as much as they are a means of protecting assets, having a trust doesn't necessarily mean a person is more resilient than a person without a trust if they don't have assets or potential liabilities. In contrast, Wills and EoPs relate to everyone.

For provider use only – option to calculate final score to a range between 0-100	
PRE INTERVENTION	**POST INTERVENTION**
('total'+12)*1.96	('total'+12)*1.96

Figure 4: Scoring example box

SCORING EXAMPLE BOX

Rosie runs a financial capability programme where 12 participants attend a weekly workshop over an 8 week period. The programme focuses on homeownership and covers: debt, saving, KiwiSaver, and budgeting.

Before the intervention, the average score for participants completing the survey was –5.

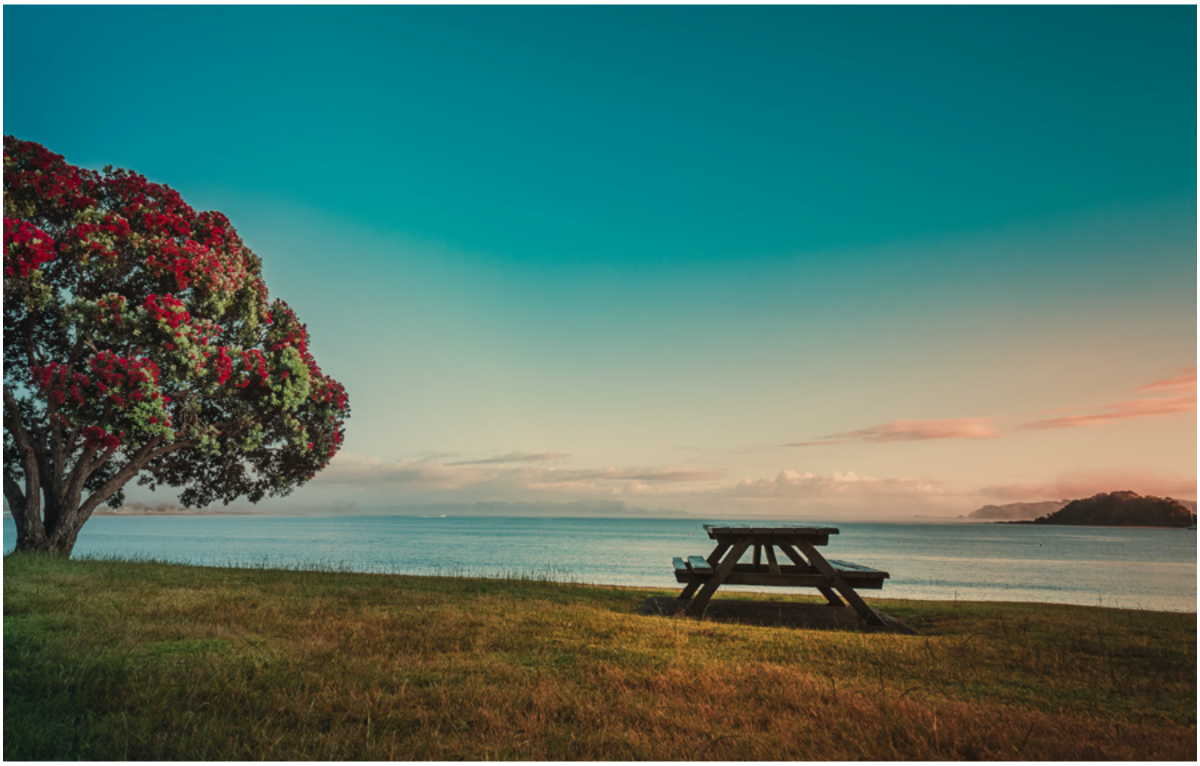
To calculate this into a range of 0-100 you can go: (-5 + 12) x 1.96 = **13.92** (score out of 100)

After the intervention, the score was 10. Participants took time during the course and a few months afterwards to make changes to saving, debt, and KiwiSaver.

To calculate this into a range of 0-100 you can go (10 + 12) x 1.96 = **43.12** (score out of 100)

Thats a lot of progress! You can then minus the starting number from the post intervention number to see the shift in score 43.12 - 13.92 = **29.2**

On average participants shifted their financial wellbeing progress score by: **29.2 points out of 100!**



USING THE TOOL TO SCORE RESULTS

The maximum score for any question is +3.

Figure 5: What scores represent

Score	What the score represents for each question
0	implies no tangible improvement has been achieved for that action
1	indicates some form of intention, or minor progress that is unlikely to produce financial growth or resilience
2	indicates active engagement, and/or some progress that may produce financial growth or resilience
3	indicates actual actions and/or behaviour that will produce financial growth or resilience
-1	indicates intermittent behaviour that may produce some minor decline in financial growth or prevent progress in other areas
-2	indicates behaviour that may undermine other efforts to produce financial growth, or resilience
-3	indicates ongoing behaviour that will reduce a person's financial growth trajectory and/or reduce financial resilience

WEIGHTING OF SCORES

Each question is weighted equally – we are not trying to signal to the provider which behaviour is most important, rather we believe it is up to the provider to determine which areas they wish to target.

A maximum score of +39 and minimum of -12 is possible but to make the result easier to follow, there is an option to convert the total so that it sits within a scale of between 0-100. To do this, the equation as outlined at the end of the table is: *('score'+12)*1.96*.

Scoring is manual – impact is the change in total score from pre to post intervention. Where appropriate, the provider can use the measurement tool with an individual to focus on areas that have gone well and areas where further attention is required. The scores can also be used in aggregate form to determine the efficacy of the intervention, tool or service, as well as identifying areas of unexpected impact.

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