

Empowering futures

National Strategy for
Financial Capability
2025 – 2027





Introduction

The National Strategy for Financial Capability unites more than 900 partners to deliver meaningful financial outcomes for New Zealanders.

There's no other mechanism like the National Strategy for Financial Capability that brings together such a breadth of organisations. Representatives from community organisations, government agencies, banks, fintechs and insurance companies join with financial advisers, financial mentors, debt solution providers and iwi to undertake practical initiatives within a common strategic framework to help New Zealanders grow their money and build resilience.

Pooling resources and expertise ensures we maximise collective impact and avoid duplication. We can collectively help New Zealanders make informed choices to reduce debt, save, invest, protect what's important to them and select the products and services that will assist them to create a better future.

The previous National Strategy for Financial Capability was launched in 2021 in an environment of high economic uncertainty, after we'd seen Covid-19 sweep the globe and exacerbate the financial vulnerabilities of many households. Today, we find ourselves in not dissimilar circumstances, with cost-of-living and climate challenges, increased unemployment and high interest rates putting our resilience to the test.

We're eager to build on the momentum from the last National Strategy, placing a focus on cross-sector strategic projects designed to enable tangible positive change for those we aim to help.

Together we can achieve more

Following intensive sector-wide discussion, we've landed on four new goals to guide our collective focus in the coming three years. These are underpinned by a shared vision of working together to help improve financial wellbeing and resilience.

The goals are:

-  1. Supporting people to grow their money.
-  2. Helping build resilience for the unexpected.
-  3. Lifting financial capability through education and training.
-  4. Leveraging collective impact.

Our efforts will concentrate on initiatives with verifiable results, led by different organisations. We'll use the shared measurement tool developed in the previous National Strategy to guide which initiatives are best placed to shift the dial, and to understand and spotlight the impact of these interventions.

We will continue to focus on Māori, Pacific Peoples and women as priority audiences, and have also included young people as an additional priority audience. As financial inequalities between generations continue to widen, it's important that young people are supported to make the best possible financial decisions that will positively influence their long-term financial wellbeing.

Thank you to all partners who have brought their knowledge and enthusiasm to the crafting of this new National Strategy. We've met with more than 45 representatives from organisations across the sector, building on the ideas generated by the 270-plus people who attended the National Strategy conference in April 2024.

The National Strategy's success in getting people to work together has attracted international attention, showcasing Aotearoa as a leader in financial capability initiatives. In essence, it's a testament to the power of collaboration and shared vision, driving change and helping create a more financially resilient nation.

Overview

The National Strategy for Financial Capability 2025 – 2027 builds on the success of the National Strategy 2021 – 2024.

The 2025 – 2027 strategy lays down the challenge for those in the financial sector to work together to help New Zealanders increase their financial wellbeing and resilience. Having a shared strategy has proven in the past to be a highly effective mechanism to unite the financial capability community and connect partners with a shared cause. It lets us align our activity and look at it through a more holistic lens to ensure we're maximising the effect of the resources we have.

Although Te Ara Ahunga Ora Retirement Commission has been charged with leading the development of the National Strategy, this is very much a sector-wide strategy, and its success lies in all of us working together to achieve the greatest collective impact.

A range of organisations will take the lead on cross-sector activity over a three-year plan that encompasses more than 20 projects and initiatives. Ideas will be turned into actions that aim to shift the dial for New Zealanders in ways that would not be achievable alone. The outcome is measurable movement towards concrete results that represent a significant positive impact on people's lives and wellbeing.

A shared vision

Financial wellbeing is the ultimate goal of financial capability interventions. Simply defined, financial wellbeing is: '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 future¹.'

Financial wellbeing is a complex and dynamic process that depends on various factors and skills. Two key components are financial literacy, which is the knowledge of financial concepts and products, and financial capability, which is the skill and motivation to use that knowledge and make good financial decisions. Along with other personal and environmental influences, these two building blocks can help achieve financial wellbeing.

Growth and resilience

Supporting people to grow their money is a key focus, no matter their financial starting point – whether by reducing debt, starting a savings habit or choosing the optimal KiwiSaver fund, for example. Financial growth is not necessarily in the sense of more income (although that would be welcome, and it's healthy to acknowledge when there's simply not enough coming in). We want people to have more money for their future, since needs tend to rise over time. We want financial progress. We want growth.

Growth would be enough, were it not that we all encounter risk along the path to it. Redundancies, business failures, health challenges... even car repairs and unexpected trips to the vet can affect growth if we're not prepared for them. People need to have money ready in case they need it urgently, from an emergency fund, healthy savings or an insurance policy. We want resilience now so future growth is less compromised.

Supporting New Zealanders to grow their money and build resilience is key to helping people get ahead, have more life choices and increase their financial wellbeing. By leveraging the National Strategy and working together on activity that improves financial capability and resilience, we can maximise our collective impact.

1. Kempson, E., Finney, A., Poppe, C., 2017.

Financial education and training

Financial education is a critical life skill that enables people to manage their finances effectively. Unfortunately, New Zealanders have lower than desirable levels of understanding when it comes to money. As a result, many are missing out on being able to grow their money and haven't built the resilience they need to protect it when the unexpected happens or during periods of economic uncertainty.

Such understanding would ideally start when we're young, and this is where financial education in schools can really make a difference for the prosperity of New Zealand. Teaching children to build a positive relationship and habits with money can lead them to make much better decisions as adults, when the stakes are higher. The sooner people learn about money, the better equipped they are to create a more positive financial future and weather financial headwinds.

In recent years, we've seen a growing awareness and drive to get financial education into schools and kura. We know a lot of great work is already being done to achieve this, but that it's lacking coordination, meaning there's a risk of duplicated resources and it's not clear what's being taught in schools is curriculum aligned and if it's reaching all the students it should be. Through the National Strategy, we'll drive greater coordination of financial education in schools, and work together on an agreed core competency framework to guide how key financial concepts are taught across the different age groups.

In a rapidly evolving financial landscape, commitment to professional growth is essential for delivering high-quality services and achieving career advancement, so ongoing professional development and training for the financial services sector has also been highlighted in the National Strategy. There are already some good programmes and qualifications in place to uplift the capability of the sector, as well as some planned new initiatives, such as the development of professional development programmes for financial mentors.

Leveraging collective impact

In challenging economic times, the need for the sector to work together in an efficient and focused manner is more important than ever. This is where shared financial wellbeing measurement plays an important role, although it's notoriously difficult due to the widespread lack of comparable data. Thus, through sector-wide engagement, we collectively agreed on 10 financial wellbeing outcomes we want to improve and developed a shared measurement tool to measure progress within those outcomes.

We encourage those running financial capability programmes or initiatives to use the tool in your evaluations and let us know the results, so we can share lessons learned. We'll be spotlighting success and communicating our findings through the Shared Resource Hub, alongside newsletter updates and future events, such as the National Strategy Conference and the connection series.



National Strategy *on a page*

Vision: Working together to help improve financial wellbeing and resilience.

Goals



Supporting people to **grow** their money



Helping build **resilience** for the unexpected



Lifting financial capability through **education and training**



Leveraging **collective impact**

Shared success/impact evaluation measures

Priorities

- More habitual savings
- Less costly debt
- Increase KiwiSaver contributions and investment
- Planning for retirement

- More emergency savings
- Relevant insurances in place
- Wills and powers of attorney in place
- Protection against frauds and scams

- Increase coordination of financial education in schools
- Provide quality online and in-person programmes for whānau, workplaces and communities
- Improve access to relevant tools, products and information, and where to go for help

- Share knowledge and what works
- Share evidence and research
- Facilitate connection
- Spotlight success
- Provide consistent, understandable, useful information

Priority audiences

Māori

Women

Pacific Peoples

Young people

Priority audiences

We'll continue to focus on our key priority groups.

Through research and feedback from those working in financial capability, it's clear that Māori, Pacific Peoples and women need to remain at the forefront of our efforts, and we've added young people to this list. Strengthening the financial capability of these groups will have a ripple effect on our society, so we've kept the priority audiences top of mind in the development of the various initiatives outlined in the strategy to ensure we help them enhance their financial wellbeing over time.

Māori

Reasons for Māori inequity are historic and still affect Māori socially and economically. In addition, approaches to building financial capability are not often designed or delivered in culturally appropriate ways. Research shows financial discomfort is often higher for Māori compared to the wider New Zealand population, with 77% saying they experience financial stress and only 40% having personal savings.

There's much to be done as a sector to better support Māori financial wellbeing and resilience.

Pacific Peoples

Raising Pacific People's financial capability skills will help improve their economic, cultural and social wellbeing. Research shows the most successful programmes are those grounded in Pacific values and culture, and holistically integrated around families and community. Pacific Peoples are more worried about their finances from pay to pay than other groups, with 55% citing challenges compared to 40% of the total population. National Strategy projects will focus on delivering financial capability support in culturally appropriate ways, so Pacific people and their families are reached effectively.

Women

Women experience pay inequity in the labour market and tend to be the family members who take time out of the workforce to care for children and older relatives, meaning they arrive at retirement with less. Women often relate to money in different ways to men, and financial capability messages have not always resonated with them. Women's financial discomfort is worsening over time, with 62% reporting financial stress.

By catering to women's particular needs in ways that will reach them, the sector will support women's financial empowerment.

Young people

There's more we can do collectively to support the financial education of young people during their formative years. By including them as a priority audience in the National Strategy, we can work smarter to coordinate how financial education is taught in schools. In 2019, leading international economist Annamaria Lusardi and her colleagues published a review of more than 1000 published studies on the topic and found strong evidence that financial education improves both financial knowledge and behaviour, especially when it comes to budgeting, savings and credit. She also states the important role national strategies globally are playing in lifting financial wellbeing and helping policymakers worldwide.

With New Zealand's low financial literacy levels, we can't rely on parents alone to teach children about money. It's critical that all young people can access financial education, and the most equitable solution is to provide it at school.

Three-year work plan

Vision: Working together to help improve financial wellbeing and resilience.



Goal: Supporting people to grow their money

| Year 1 2025 | Year 2 2026 | Year 3 2027 |
|--|---|--|
| New cross-sector project/initiatives: | | |
| <p>Support workplaces to shift the dial for women – Financial Services Council’s Empower Women</p> <p>Develop money management tool and pilot usage – Te Ara Ahunga Ora and Christians Against Poverty</p> <p>Continuing from previous strategy:</p> <p>Te Rito Hou (Māori financial capability programme) – New Zealand Bankers’ Association, Tāwhia and Te Ara Ahunga Ora</p> <p>Sorted Kāinga Ora programme and pilot shared outcome measures – Te Puni Kōkiri and Te Ara Ahunga Ora</p> | <p>Focus on increasing contributions and participation in KiwiSaver for young people – Financial Services Council</p> <p>Continue to develop, pilot usage and evaluate money management tool – Te Ara Ahunga Ora and Christians Against Poverty</p> | <p>Focus on the value of professional financial advice through life’s defining moments – Financial Advice NZ</p> <p>Continue to develop, pilot usage and evaluate money management tool – Te Ara Ahunga Ora and Christians Against Poverty</p> |
| Ongoing cross-sector activity: | | |
| <p>Sorted Money Month – All</p> <p>World Investor Week – FMA</p> <p>KiwiSaver Annual Statements campaign – FMA</p> <p>Review retirement income policy system (NZ Super and KiwiSaver) – Te Ara Ahunga Ora</p> | <p>Sorted Money Month – All</p> <p>World Investor Week – FMA</p> <p>KiwiSaver Annual Statements campaign – FMA</p> <p>Review retirement income policy system (NZ Super and KiwiSaver) – Te Ara Ahunga Ora</p> | <p>Sorted Money Month – All</p> <p>World Investor Week – FMA</p> <p>KiwiSaver Annual Statements campaign – FMA</p> |



Goal: Helping build resilience for the unexpected

| Year 1 2025 | Year 2 2026 | Year 3 2027 |
|---|---|---|
| New cross-sector project/initiatives: | | |
| <p>Money Month theme on encouraging emergency savings – Te Ara Ahunga Ora, banks and NGOs</p> <p>Develop creditor guidelines and awareness of family violence economic harm – Good Shepherd</p> <p>Research into underinsurance, focus on housing – Insurance Council of New Zealand</p> <p>Launch financial inclusion research and develop a work plan to reduce barriers around accessing banking products and services – RBNZ and Commerce Commission</p> <p>Research, consult and report on Māori determinants of financial wellbeing and resilience – Te Ara Ahunga Ora</p> | <p>Improve the support process for those applying for KiwiSaver hardship withdrawal – DebtFix</p> <p>Promote innovations in insurance products to support those on a lower income – Good Shepherd</p> <p>Implement a work plan reducing barriers around accessing banking products and services – financial sector, RBNZ and Commerce Commission</p> | <p>Create consumer resources around having relevant insurance in place and the basics covered well – Te Ara Ahunga Ora and Insurance Council of New Zealand</p> <p>Implement a work plan reducing barriers around accessing banking products and services; introduce financial inclusion standards – financial sector, RBNZ and Commerce Commission</p> |
| Ongoing cross-sector activity: | | |
| <p>Fraud Awareness Week – Interagency Fraud Working Group</p> <p>Wills Week – Public Trust</p> | <p>Fraud Awareness Week – Interagency Fraud Working Group</p> <p>Wills Week – Public Trust</p> | <p>Fraud Awareness Week – Interagency Fraud Working Group</p> <p>Wills Week – Public Trust</p> |



Goal: Lifting financial capability through education and training

| Year 1 2025 | Year 2 2026 | Year 3 2027 |
|---|---|---|
| New cross-sector project/initiatives: | | |
| <p>Agree on a consistent financial education core-competency framework for young people – Te Ara Ahunga Ora</p> <p>Advocate for improved debt-collection practices and knowledge-sharing – DebtManagers</p> | <p>Focus on advocating for better coordination and access to financial education in schools – Te Ara Ahunga Ora</p> | <p>Develop 'Don't be whakamā to ask for help' resources to support financial stress and building resilience – Te Ara Ahunga Ora and FinCap</p> |
| Specialist programmes supporting workforce professional development in the financial capability sector: | | |
| <p>Workforce training and professional development – Massey Fin-Ed Centre</p> <p>Workforce professional development – Financial Services Federation and Financial Advice NZ</p> <p>Develop financial mentors' professional development framework – FinCap and Ministry of Social Development</p> | <p>Workforce training and professional development – Massey Fin-Ed Centre</p> <p>Workforce professional development – Financial Services Federation and Financial Advice NZ</p> | <p>Workforce training and professional development – Massey Fin-Ed Centre</p> <p>Workforce professional development – Financial Services Federation and Financial Advice NZ</p> |
| <p>Convene and pilot financial capability researchers' community of practice group to support knowledge, not duplicate, and bridge gaps when identified – Te Ara Ahunga Ora</p> | | |
| Ongoing cross-sector activity: | | |
| <p>Connection series spotlighting success, what works, and sharing research and insights – Te Ara Ahunga Ora and Financial Wellbeing Network</p> | <p>Connection series spotlighting success, what works, and sharing research and insights – Te Ara Ahunga Ora and Financial Wellbeing Network</p> | <p>Connection series spotlighting success, what works, and sharing research and insights – Te Ara Ahunga Ora and Financial Wellbeing Network</p> |



Goal: Leveraging collective impact

| Year 1 2025 | Year 2 2026 | Year 3 2027 |
|--|--|--|
| New cross-sector project/initiatives: | | |
| Pilot the use of the shared outcome measures and evaluate what works – Te Ara Ahunga Ora | Use the shared outcome measures and evaluate what works – Te Ara Ahunga Ora National Strategy Partners Conference – Te Ara Ahunga Ora | Use the shared outcome measures and evaluate what works – Te Ara Ahunga Ora |
| Ongoing cross-sector activity: | | |
| Drive continued use of the <i>De-Jargoning Money</i> guide – Te Ara Ahunga Ora Use of Shared Resource Hub – Te Ara Ahunga Ora | Drive continued use of the <i>De-Jargoning Money</i> guide – Te Ara Ahunga Ora Use of Shared Resource Hub – Te Ara Ahunga Ora | Drive continued use of the <i>De-Jargoning Money</i> guide – Te Ara Ahunga Ora Use of Shared Resource Hub – Te Ara Ahunga Ora |



National Strategy *at a glance*









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