

He Rautaki-ā-motu mō te Āheitanga Ahumoni

# The **National Strategy.** for Financial Capability

The **National Strategy.**

“ Working together to  
help New Zealanders  
understand money ”

NS.







## Te Pūtake Purpose

We will better serve  
New Zealanders with an aligned  
financial capability community



## Te Whakakitenga Vision

New Zealanders  
understand money

## Ngā Whāinga | Goals

Uniting as a community we will work  
collectively to achieve three key goals

Consistent content

Work together

Demystify money

## Te Kaupapa Mātāmua Mission

To unite the financial capability  
community to work together



## Hei kupu whakataki Introduction

The economic impact of COVID-19 has made the need to enhance New Zealanders' financial capability more important than ever. Research undertaken during the first lockdown in April, and repeated six months later, revealed a concerning lack of financial resilience among the majority of households – 34% were in difficulty, and an additional 40% were on the brink of tipping into hardship. For many, this was due to high debt, low savings and a lack of knowledge and confidence in investing. For some, entrenched disadvantage became worse.

Thankfully, there are many organisations throughout New Zealand working to help New Zealanders understand money and do better with it. The financial capability community includes government, industry, iwi and non-profit organisations, but they lack a connecting circuit to energise their efforts through a common mission.

That's where the National Strategy for Financial Capability comes in. This Strategy is the result of six months of conversations across the sector, with many different people, to agree on how we could best work together. It draws together the collective work of stakeholders and provides a common purpose and shared direction for all of us.

The financial capability of many New Zealanders is problematic, particularly following COVID-19. Reduced income among households across all demographics and in every part of New Zealand has led to money becoming part of the national conversation. More people are aware of their financial situation and how precarious it may be. More people have taken notice of their KiwiSaver and paid more attention to their debt and savings.

There is now an opportunity to take hold of that conversation, pool our resources and know-how, and incorporate positive messages so people learn how to make good decisions around money, how to plan, know where to find information, and become more financially capable. Now, more than ever, we can help New Zealanders make informed choices, to talk, learn, plan, save, invest and be debt-smart, and ultimately attain the retirement they deserve.

Increasingly, we understand that New Zealanders view financial capability through different cultural, social and demographic lenses. Some groups are more privileged than others and inequity is increasing. In the 21st century we have to do better.

This Strategy is designed for and by the community, drawing from each other's experiences and also from international knowledge. But unlike our peers in the UK, USA and Australia whose National Strategies define goals for the population to achieve, our Strategy is designed for the financial capability community. We believe the Strategy will be most helpful to New Zealanders if it encourages and enables the financial capability community to work together, with a shared purpose and vision, and defined goals. It will ensure we collectively help the people we serve.

COVID-19 has shown us that building strong financial capability among New Zealanders and their families/whānau is essential to help people not only reach their life goals in a more difficult landscape, but for New Zealand's economic recovery. We can all play a part in that.

**The launch of this three-year Strategy comes at a time when New Zealanders need us most. Let's join forces and get to work.**





## He aha whakanuia ai te rautaki-ā-motu nei? Why is a National Strategy important?

Commercial, non-profit, iwi, and government agencies (“the community”) each engage in a variety of largely unconnected activities that have the same driver - to help people gain the skills they need to be able to achieve their goals.

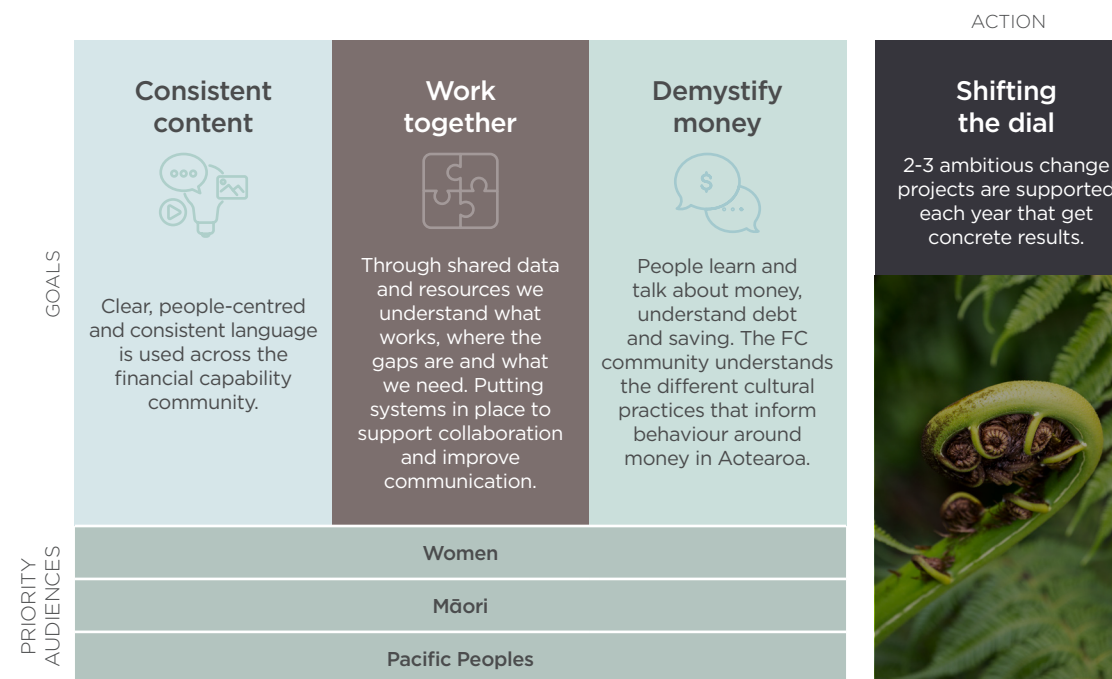
Uniting the community will create a powerful base from which to effect change, achieve measurable results, and demonstrate impact. Tangible results are most likely when those working directly with people have a shared framework and focused purpose, built on simplicity and relevance.

The National Strategy will:

- Help New Zealanders by
  - Harnessing the collective efforts of the community to serve people in more consistent, targeted ways
  - Provide consistent, understandable, useful information
- Help the financial capability community by
  - Co-ordinating opportunities
  - Sharing best practice so we all understand what is working
  - Aligning the efforts of government, industry, iwi and community organisations
  - Improving cross-government co-operation

**Together we can achieve much more towards enhancing New Zealanders’ financial capability than each of us could alone.**

## He whakarāpopototanga o te rautaki-ā-motu The National Strategy in a nutshell

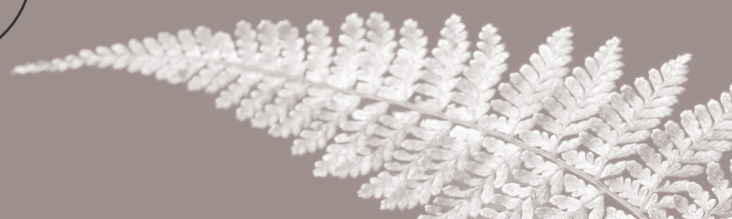
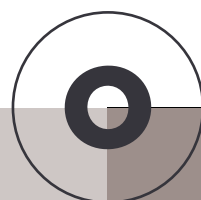


The path to improving the financial capability of New Zealanders is founded on the work of the organisations that help people in this space - the stakeholders who make up the financial capability community.

The Strategy provides a framework for collaboration, communication, and knowledge sharing.

The Strategy will unite the financial capability community to work around three goals, focused on three priority audiences. And we will turn ideas into action - aiming to shift the dial by starting new collaborations each year that would not be achievable alone. We want to make measurable change toward helping New Zealanders to understand money.

Summarised in the chart above, this work looks simple. But behind the goals lie complex tasks involving lots of people. The key to success will be our shared commitment to work together for the good of New Zealanders.





## Ngā Whāinga Goals

Uniting as a community we will work collectively to achieve three key goals.

### Consistent content

The language used to describe and discuss financial capability varies throughout the community. This leads to confusion for people using the services and information as well as for those within the community.

Language needs to be simple and accessible and should be driven by the needs of the people it serves – culture and context matter.

Language should be empowering. Creating consistent language and messages will support the work of the community.

### Work together

Enabling people to work better together across the community creates new opportunities for co-operation and makes the most of our collective knowledge and resources.

The financial capability community is dispersed and siloed. Information is generally not shared and there is no uniform performance measurement.

By helping each other understand what works, we will use resources better, reduce duplication of effort, and collectively improve our effectiveness.

By encouraging collaborative, creative, and co-ordinated initiatives, the community will reach priority audiences more effectively to help them on their financial capability journeys.

### Demystify money

It is vital that people understand why knowledge of debt, saving, and investing is important in making good decisions around money and reaching goals. The work of SCAFI (the Safer Credit and Financial Inclusion strategy partnership) has sparked collaboration around preventing and alleviating problem debt: there is much more to do.

The topic of money, for many, can be complicated, confusing and stressful. While some are comfortable with the accumulation of wealth as an objective, for others money needs to be framed as a means, not an end. We need to recognise motivations around providing for family, whānau and community. Demystifying money means making it understandable and relevant in different contexts so more people know the value of making good financial decisions throughout their lives.

## Ngā rōpū aronga matua Priority audiences

Our research, and input from the financial capability community, has consistently highlighted three cohorts for whom improved financial capability would make a significant impact on their lives. We need to keep them top of mind in the Strategy's targeted initiatives to ensure we help them enhance their financial capability over time.

### Women

Research consistently demonstrates that women's financial literacy is significantly lower than that of men. 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 or 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. By focusing on women's particular needs, in ways that will reach them, the sector will support women's financial empowerment.

### Māori

Reasons for Māori inequity in financial capability are historic and still affect Māori socially and economically. In addition, approaches to building financial capability have rarely been designed or delivered in culturally appropriate ways. Gaining insight into the relationship between manaakitanga and money, between whānau and finances, and the reasons behind Māori inequity, will help more entities working in financial capability to improve their service. Te Puni Kōkiri's *Indigenous Response to Treasury's Living Standards Framework* seeks better success indicators that are whānau and strengths-based to improve financial capability mahi. Tikanga Māori, with consideration of the principles of the Treaty of Waitangi, provides a better context for understanding the opportunities for working with and for Māori to improve financial capability.

### Pacific Peoples

Raising Pacific people's financial capability skills will help improve their economic, cultural and social wellbeing. Despite the range of financial capability programmes that are available, Pacific people's uptake has so far been low. The Ministry of Pacific People's *Pacific Aotearoa Lalaga Fou* goals take a different approach with programmes grounded in Pacific values and culture, holistically integrated around families and community. Strategy projects will focus on delivering financial capability help in culturally appropriate ways so Pacific people and their families are reached effectively.





## Whakatāiri i te ahunga ora Shifting the dial

### Putting the National Strategy into action

The financial capability community will work together on projects that will make a difference for New Zealanders.

These are projects that would not otherwise happen, and will succeed only through collaboration, knowledge-sharing, and communication between entities undertaking financial capability activities.

Projects will be set at the start of each year. The following chart gives an indication of what we can do to start shifting the dial. This is just the beginning; these ideas have been distilled from the gatherings, meetings and conversations held so far. New projects will be discussed and agreed at the annual sector conference. We expect this action plan to grow as we add the work happening throughout the community.

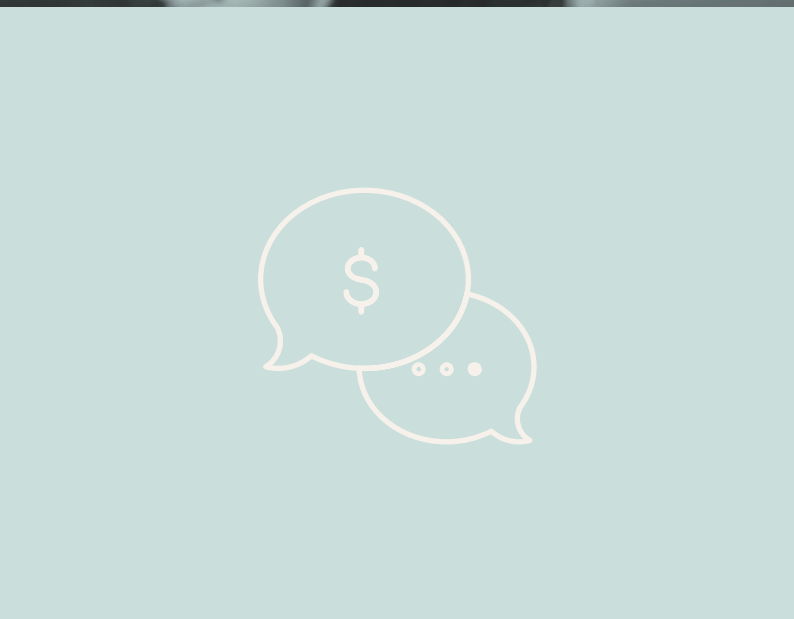
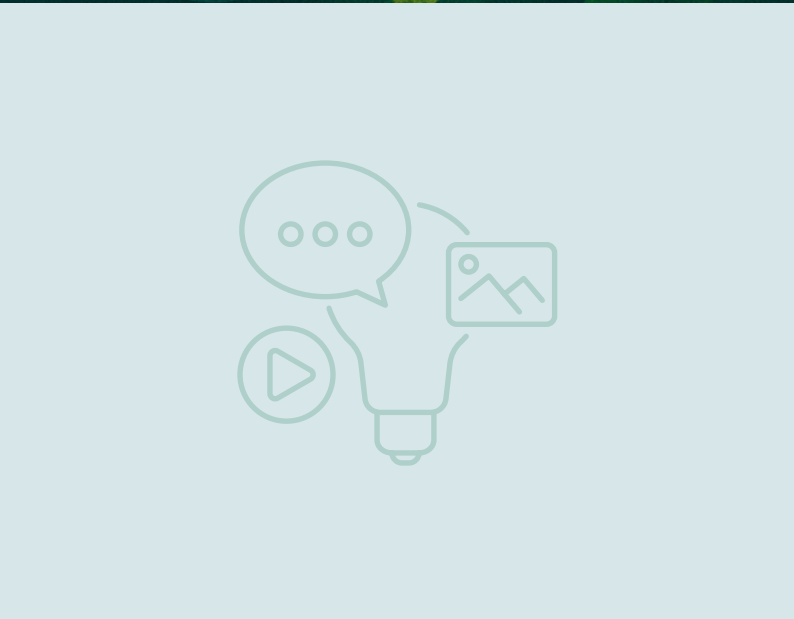
Lead entities are responsible for project initiation, design and delivery, working with other interested parties who may volunteer or be co-opted.

## He mahere mō ngā tau e toru A three year plan

|                           | 2021-22  | 2022-23   | 2023-24  | 2024-25  |
|---------------------------|--|---|--|--|
| <b>Consistent Content</b> | <p><b>Develop a sector glossary and use it sector-wide for consumer clarity</b><br/>Lead: CFFC</p>   | <p><b>Scope a shared resource library/ collab platform</b><br/>Lead: FMA</p>  |  |  |
| <b>Work Together</b>      | <p><b>Annual stakeholder conference to review strategy progress</b><br/>Lead: CFFC</p> <p><b>Online seminar series</b><br/>Sharing stories, learning and networking<br/>Lead: CFFC</p> <p><b>What's happening on the ground?</b><br/>Mid-year webinar on trends and insights from NGOs<br/>Lead: FinCap</p> <p><b>Align SCAFI</b><br/>Ensure the future SCAFI work programme is informed by the National Strategy<br/>Lead: MBIE</p> <p><b>Shared FC impact measurement framework</b><br/>Lead: CFFC</p> | <p><b>Annual stakeholder conference to review strategy progress</b><br/>Lead: CFFC</p> <p><b>Online seminar series</b><br/>Sharing stories, learning and networking<br/>Lead: CFFC</p> <p><b>What's happening on the ground?</b><br/>Mid-year webinar on trends and insights from NGOs<br/>Lead: FinCap</p> <p><b>Align SCAFI</b><br/>Ensure the future SCAFI work programme is informed by the National Strategy<br/>Lead: MBIE</p> <p><b>Develop a practical, tailored Pacific FC plan for ongoing sector use</b><br/>Lead: MPP</p> | <p><b>Annual stakeholder conference to review strategy progress</b><br/>Lead: CFFC</p> <p><b>Online seminar series</b><br/>Sharing stories, learning and networking<br/>Lead: CFFC</p> <p><b>What's happening on the ground?</b><br/>Mid-year webinar on trends and insights from NGOs<br/>Lead: FinCap</p> <p><b>Develop a practical, tailored Māori FC plan for ongoing sector use</b><br/>Lead: TPK</p> | <p>Nat Strat reviewed and refreshed<br/>Lead: CFFC</p> |
| <b>Demystify Money</b>    | <p><b>Industry working group to devise, fund and run a substantial pan-sector campaign or project:</b><br/>Target = Women<br/>Lead: FSC</p> <p><b>Money Week</b><br/>Theme: Just Wondering?<br/>Lead: CFFC</p> <p><b>World Investor Week</b><br/>Lead: FMA</p>   | <p><b>Industry working group to devise, fund and run a substantial pan-sector campaign or project:</b><br/>Target = Māori<br/>Lead: NZBA</p> <p><b>Money Week</b><br/>Theme tbc<br/>Lead: CFFC</p> <p><b>World Investor Week</b><br/>Lead: FMA</p>  | <p><b>Industry working group to devise, fund and run a substantial pan-sector campaign or project:</b><br/>Target = Pacific Peoples<br/>Lead: TBC</p> <p><b>Money Week</b><br/>Theme tbc<br/>Lead: CFFC</p> <p><b>World Investor Week</b><br/>Lead: FMA</p>  |  |







## Te Tukanga How we got here

The CFFC consulted and collaborated with key stakeholders and partners across Government, Māori, community and industry throughout 2020 and early 2021.

To confirm our three priority audiences we discussed potential approaches with Te Puni Kōkiri and Māori organisations working in this space, as well as with the Ministries for Pacific Peoples and Women.

We reviewed research and data relating to the financial capability and lives of New Zealanders. We reviewed international strategies and approaches and sought to understand where things were working. We consulted on the awareness, perception, and application of the previous Strategy.

This Strategy is nothing without the buy-in, involvement and commitment of the financial capability community. It is a living piece of work and CFFC will work closely with partners as it is rolled out, pushed back on, reviewed, and re-shaped.

Governance of the strategy will be led by the CFFC with the assistance of industry and sector associations and other consultation as needed. Progress will be reported to and discussed by the community at the annual hui.

**The CFFC would like to thank the following sector organisations in particular for their active participation in our consultation phase:**

ANZ, ASB, Banking Ombudsman, Banqer, BNZ, Christians Against Poverty, DebtFix, Financial Markets Authority, Financial Services Complaints Ltd, Financial Services Council, Financial Services Federation, FinCap, Good Shepherd, Insurance Council, Kiwibank, Māori Women's Development Inc, Ministry of Business, Innovation and Employment, Ministry for Pacific Peoples, Ministry of Social Development, Ministry for Women, NZ Bankers' Association, Ngāi Tahu, Public Trust, Reserve Bank, Salvation Army, members of the Safer Credit and Financial Inclusion group, Sharesies, Te Puni Kōkiri, UK Money and Pensions Service, Westpac, Young Enterprise Trust.

In addition, many other entities and people contributed ideas and perspectives, in multiple meetings and conversations, all of which have helped us develop this pathway. A full list is available on our website.



