

Money matters: how New Zealanders are feeling about their finances

July 2023 Update

Synopsis

- Over half of the people we surveyed this quarter are feeling the pinch financially (54%) with 51% 'starting to sink, or treading water' and a further 3.5% 'sinking badly'. This marks the widest gap between those who are 'starting to swim/swimming happily' and those who are 'treading water/sinking a bit' since we started surveying back in February 2021.
- The gap is widening for women compared to men in terms of optimism, financial sentiment, personal savings and savings for retirement.
- Our other target audiences (Māori, Pacific people and 18-34s) remain more likely to say they experience financial stress compared to the general population.
- Money continues to be a topic of conversation, and there is evidence of increasing attention being paid to finances.
- There is activity at either end of the financial product continuum – increased percentage who have savings but also increased use of BNPL and credit cards, consistent with the gap between those who are financially comfortable and uncomfortable.

Purpose of this document

As part of Te Ara Ahunga Ora Retirement Commission's Insights Programme, market research agency TRA has gathered consumer insights to provide a report on how New Zealanders are feeling about money, particularly given the cost of living pressures many are facing. More detailed analysis is including on four money management pillars:

- Tackling debt
- Budgeting
- Saving
- KiwiSaver

Quarters relate to:

- Q4 22 = Apr-Jun 2022 (consequences of the Russian invasion of Ukraine are being felt, NZ borders start opening following sufficiently high vaccination rates, heavy rain resulted in flooding and landslides across New Zealand)
- Q3 23 = Jan-Mar 2023 (significant media attention on inflation / cost-of-living, rising interest rates, looming recession, ex-cyclones cause extensive flooding, landslides, infrastructure breakdown and home loss in Auckland, Northland and East Coast)



- Q4 23 = Apr-Jun 2023 (technical recession announced at the end of the March 23 quarter, Reserve Bank OCR expected to peak in July, some believe bank interest rates will plateau, house-price decreases may have slowed).

Sources of information

The main source of data used comes from TAAO's population survey that is run by TRA:

- Targets n=930 New Zealanders aged 18+ per quarter.
- Sample is nationally representative of NZ based on age, gender, and region.
- Survey length is 15 mins, completed online.

A note on tables presented:

- When Q4 FY23 is sig. tested against Q3 FY23 or Q4 FY22:
Text teal = sig. higher, text orange = sig. lower
- When Q4 FY23 for a target group is sig. tested against Q4 FY23 total population:
Highlight teal = sig. higher, highlight orange = sig. lower

Update on NZ's financial landscape

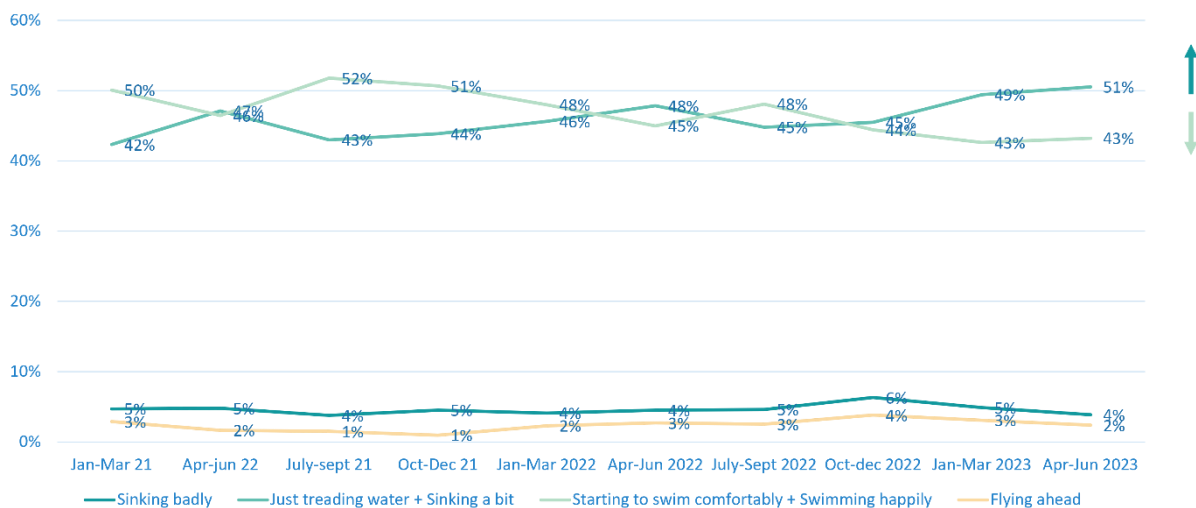
The cost of living remains a key issue for New Zealanders, with the Consumer Price Index and Food Price Index still high. While New Zealanders are cutting back on their spending to cope, the higher cost for each spend means they're getting 'less bang for their buck'.

The Westpac McDermott Miller Consumer Confidence Index ([Confidence-Surveys Q2-Consumer-confidence report 20Jun23.pdf \(westpac.co.nz\)](#)) sits at 83.1 in June 2023, a slight improvement from 77.7 in March 2023 but overall, more New Zealanders are still pessimistic about the economic environment than they are optimistic.

Figure 1. Financial Sentiment of New Zealanders

- Among our survey participants, financial sentiment is comparatively bleak this quarter, with a combined total of 55% expressing financial discomfort, the highest since surveying started (figure 1).





However, little movement is apparent on some of the key financial attitude measures compared to either last quarter or last year, although ability to pay bills on time significantly improved from Q3:

- I'm worried about the level of debt I am in at 26% (-2 pts)
- I'm worried about my finances from pay to pay at 37% (-2 pts)
- I pay my bills on time at 88% (+4 pts, this change is significant)
- I feel / we feel very optimistic and confident about my / our future right now (+2 pts)

Total Population	Q4 FY22	Q3 FY23	Q4 FY23
I'm worried about the level of debt I am in	29%	28%	26%
I'm worried about my finances from pay to pay	37%	39%	37%
I pay my bills on time	88%	84%	88%
I feel / we feel very optimistic and confident about my / our future right now	41%	44%	46%

Across our target groups, since last quarter:

Women: in contrast to men, the proportion in an uncomfortable financial position creeps up to 61% (+5 pts both for Q3, and for Q4 22), and overall is significantly higher than the total population. However, this has not translated into concern over finances. Nevertheless, significantly fewer women than men feel optimistic about the future (41% compared to 50% men).

Women	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
Uncomfortable position: Treading water, or sinking a bit or badly	56%	56%	61% (48% men)	54%



I worry about my finances from pay to pay	40%	40%	40%	37%
I feel / we feel very optimistic and confident about my / our future right now	37%	41%	41% (50% men)	46%

18-34's: the proportion in an uncomfortable financial position sits at 51% (-3 pts from last quarter, but up +7 from last year). The proportion worrying about their finances from pay-to-pay sits at 47% (+2 pts from last quarter and +3 from last year), representing the highest since surveying started and significantly higher than the total population. Despite this, a greater proportion of the 18-34 age group feel optimistic about the future compared to other age groups (a difference consistently seen across time, suggesting the age group is a more optimistic group in general).

18-34s	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
Uncomfortable position Treading water, or sinking a bit or badly	44%	54%	51%	54%
I worry about my finances from pay to pay	44%	45%	47%	37%
I feel / we feel very optimistic and confident about my / our future right now	49%	50%	52%	46%

Māori: the proportion in an uncomfortable financial position sits at 60% (+4 pts from last quarter but down -2 from last year). The proportion worrying about their finances from pay-to-pay sits at 52% (+6 pts from last quarter, and -2 from last year), and overall is significantly higher than the total population.

Māori	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
Uncomfortable position Treading water, or sinking a bit or badly	62%	56%	60%	54%
I worry about my finances from pay to pay	50%	46%	52%	37%
I feel / we feel very optimistic and confident about my / our future right now	46%	49%	47%	46%



Pasifika: the proportion in an uncomfortable financial position sits at 58% (-10 pts from last quarter and down -17 points from last year, a significant decline). The proportion worrying about their finances from pay-to-pay sits at 41% (-10 pts from last quarter). Whilst a big change, they are not significant due to their smaller sample size. This quarter, more Pacific participants feel optimistic compared to the general population.

Pasifika	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
Uncomfortable position Treading water, or sinking a bit or badly	75%	68%	58%	54%
I worry about my finances from pay to pay	46%	51%	41%	37%
I feel / we feel very optimistic and confident about my / our future right now	44%	48%	58%	46%

Tackling debt

The number of debt-related financial products has significantly increased:

- 2-4 debt products 34% (+7 pts)

The increase in debt-related financial products is primarily being driven by an increase in credit card usage and BNPL services:

- Credit card that you use regularly 51% (+8 pts from last quarter, +4 pt from last year)
- BNPL 26% (+5 pts last quarter, +3 pts last year)
- Mortgage 27% (+2 pts last quarter, -2 pts last year)
- Personal loan 16% (-last quarter, - last year)

Total Population	Q4 FY22	Q3 FY23	Q4 FY23
2 or more debt products	32%	27%	34%
NET: Experienced financial stress in L12M	64%	64%	60%
Be embarrassed about your finances	21%	21%	19%
Hide or conceal your financial situation from family or friends	18%	18%	16%



Across our target groups, since last quarter:

Women: there are no significant changes, and current levels are not significantly different to the total population

Women	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
2 or more debt products	33%	30%	35%	34%
NET: Experienced financial stress in L12M	67%	64%	62%	60%
Be embarrassed about your finances	23%	24%	21%	19%
Hide or conceal your financial situation from family or friends	20%	21%	19%	16%

18-34's: there are no significant changes, however compared to the total population, the group is significantly more likely to experience financial stress in the last 12 months, and hide their financial situation from family/friends

18-34's	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
2 or more debt products	31%	27%	30%	34%
NET: Experienced financial stress in L12M	77%	80%	76%	60%
Be embarrassed about your finances	27%	25%	23%	19%
Hide or conceal your financial situation from family or friends	22%	24%	23%	16%

Māori: there are no significant changes, however compared to the total population, the group is significantly more likely to experience of stress, embarrassment, and hide their financial situation from family/friends

Māori	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
2 or more debt products	26%	28%	30%	34%
NET: Experienced financial stress in L12M	76%	77%	76%	60%
Be embarrassed about your finances	31%	24%	33%	19%
Hide or conceal your financial situation from family or friends	31%	21%	25%	16%



Pasifika: there are no significant changes since the last quarter, however compared to the total population, the group is significantly more likely to experience financial stress indicators

Pasifika	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
2 or more debt products	33%	30%	34%	34%
NET: Experienced financial stress in L12M	80%	71%	78%	60%
Be embarrassed about your finances	34%	27%	29%	19%
Hide or conceal your financial situation from family or friends	33%	25%	23%	16%

Budgeting

Last quarter we saw an increase in budgeting-related behaviours over time. Compared to last quarter, Q4 FY23 levels remain stable and high. Percentage who agree or agree strongly are:

- I keep a close personal watch on my financial affairs 82% (-)
- Before I buy something I carefully consider whether I can afford it 83% (+1 pts), the highest since we started surveying
- When making a big purchase like a car or a holiday I save for it first 74% (+2 pts), the highest since we started surveying

Total Population	Q4 FY22	Q3 FY23	Q4 FY23
I keep a close personal watch on my financial affairs	81%	82%	82%
Before I buy something I carefully consider whether I can afford it	82%	82%	83%
When making a big purchase like a car or a holiday I save for it first	72%	72%	74%

Across our target groups, since last quarter:

Women: fluctuations are not significant and the same proportion of women agree to the statements as for the total population.

Women	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
-------	---------	---------	---------	------------------



I keep a close personal watch on my financial affairs	80%	83%	83%	82%
Before I buy something I carefully consider whether I can afford it	81%	82%	85%	83%
When making a big purchase like a car or a holiday I save for it first	71%	69%	72%	74%

18-34's: there's a significant increase in those saving first before making a big purchase, and levels sit significantly higher than the total population. However, the age group is significantly less inclined to agree they keep a close eye on their financial affairs compared to the total population.

18-34s	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
I keep a close personal watch on my financial affairs	75%	75%	74%	82%
Before I buy something I carefully consider whether I can afford it	75%	74%	78%	83%
When making a big purchase like a car or a holiday I save for it first	73%	73%	81%	74%

Māori: there are no significant changes with budgeting-related behaviours; levels of 'keeping a close personal watch on my financial affairs' sit significantly lower than the total population.

Māori	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
I keep a close personal watch on my financial affairs	72%	73%	72%	82%
Before I buy something I carefully consider whether I can afford it	79%	77%	77%	83%
When making a big purchase like a car or a holiday I save for it first	68%	64%	70%	74%

Pasifika: there are no significant changes with budgeting-related behaviours; however, levels of 'keeping a close personal watch on my financial affairs' and 'saving before making a big purchase' sit significantly lower than the total population.

Pasifika	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
----------	---------	---------	---------	------------------



I keep a close personal watch on my financial affairs	83%	81%	71%	82%
Before I buy something I carefully consider whether I can afford it	88%	81%	80%	83%
When making a big purchase like a car or a holiday I save for it first	61%	63%	63%	74%

Savings

There is a positive shift in numbers who have a savings buffer of at least \$1000, currently sits at 69% (+3 pts), but this change is not significant (question introduced in Jan 23).

- The proportion with personal savings has significantly increased to 60% (+6 pts last quarter, +3 pts last year)

Across our target groups, since last quarter:

Women: while for women there are no differences in terms of savings buffers or personal savings between quarters or year-year, the proportion of men with personal savings has increased significantly since last quarter (+9 pts), and marginally since last year (+4 pts) demonstrating a widening gender savings gap.

Women	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
Have \$1000 savings buffer	-	63%	64% (73% men)	69%
Personal savings	56%	54%	57% (63% men)	60%

18-34's: there are no significant changes to their savings position, and levels are not significantly different to the total population

18-34's	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
Have \$1000 savings buffer	-	62%	64%	69%
Personal savings	55%	54%	58%	60%



Māori: there are no significant changes to their savings position but compared to the total population, levels sit significantly lower

Māori	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
Have \$1000 savings buffer	-	58%	50%	69%
Personal savings	42%	44%	46%	60%

Pasifika: overall, there are no significant changes to their savings position but compared to the total population, levels sit significantly lower

Pasifika	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
Have \$1000 savings buffer	-	39%	43%	69%
Personal savings	45%	52%	40%	60%

KiwiSaver and retirement

The proportion of under 65s actively saving for retirement remains stable since the last quarter.

- I am actively saving for my retirement 55% (+4 pts from last quarter, +2 pt from last year)
- I'm in KiwiSaver and I am making contributions or payments to my KiwiSaver 60% (+2 pts)

Aged under 65	Q4 FY22	Q3 FY23	Q4 FY23
I am actively saving for my retirement	53%	51%	55%
I'm in KiwiSaver and I am making contributions	62%	61%	63%

KiwiSaver hardship withdrawals have softened slightly after peaking in Mar 23. ([Datasets for KiwiSaver statistics \(ird.govt.nz\)](#))

	Volume (000's)	Value (\$millions)
Jan-23	1.3	\$9.4
Feb-23	1.8	\$13.6
Mar-23	2.7	\$20.3
Apr-23	1.8	\$14.1



May-23	2.5	\$20.4
Jun-23	2.2	\$18.0

New Zealanders are still engaged with their KiwiSaver

- 92% know their KiwiSaver balance 92% (+1 pts)
- 88% know their KiwiSaver fund type 88% (-)

Across our target groups, since last quarter:

Women: there are no significant changes, however levels for 'actively saving for retirement' and KiwiSaver contribution sit significantly lower than the total population. In contrast to women, the proportion of men who say they are saving for retirement has rebounded from last quarter (+9 pts), although unchanged from last year, as has KiwiSaver contributing behaviour (+7 pts last quarter).

Women (under 65)	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
I am actively saving for my retirement	48%	50%	49% (men 61%)	55%
I'm in KiwiSaver and I am making contributions	61%	60%	58% (men 68%)	63%

18-34's: there are no significant changes compared to the general population aged under 65.

18-34's	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
I am actively saving for my retirement	51%	43%	49%	55%
I'm in KiwiSaver and I am making contributions	67%	62%	64%	62%

Māori: there are no significant changes, and levels are not significantly different to the total population

Māori (under 65)	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
I am actively saving for my retirement	49%	57%	46%	55%
I'm in KiwiSaver and I am making contributions	56%	59%	58%	62%



Pasifika: there are no significant changes, and levels are not significantly different to the total population

Pasifika (under 65)	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
I am actively saving for my retirement	38%	40%	45%	55%
I'm in KiwiSaver and I am making contributions	54%	55%	62%	62%

Relevance of key Money Month pillars

Survey participants were asked to select from a list which information about finances would be relevant or useful to them. Significantly fewer selected 'how to budget' over last quarter but the proportion is consistent with the previous year's measure. The remaining three pillars have changed very little in relevance.

- How to build up savings 34% (-2 pts)
- How to plan for retirement 32% (-1 pts)
- How to budget 24% (- 6 pts, significant)
- How to manage debt 20% (-3 pts)

Total Population	Q4 FY22	Q3 FY23	Q4 FY23
How to build up savings	32%	36%	34%
How to plan for retirement	29%	33%	32%
How to budget	26%	30%	24%
How to manage debt	21%	23%	20%

Across our target groups, since last quarter:

Women: relevance of 'how to budget' has significantly decreased compared to last quarter but is consistent with the same period last year.

Women	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
How to build up savings	32%	38%	37%	34%
How to plan for retirement	32%	36%	35%	32%



How to budget	26%	32%	26%	24%
How to manage debt	24%	24%	20%	20%

18-34's: Although not significant, there appears to be a slight upward trend for 18-34s to want to understand how to build up savings and plan for retirement compared to the same period last year. Relevance of the other pillars has fluctuated but these changes are not significant.

18-34s	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
How to build up savings	45%	49%	51%	34%
How to plan for retirement	36%	36%	42%	32%
How to budget	40%	43%	39%	24%
How to manage debt	31%	33%	31%	20%

Māori: relevance of building up savings has increased significantly since last year, while the other pillars have not changed significantly. Relevance of three pillars sit significantly higher than the total population.

Māori	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
How to build up savings	33%	39%	47%	34%
How to plan for retirement	25%	33%	32%	32%
How to budget	33%	31%	32%	24%
How to manage debt	29%	26%	30%	20%

Pasifika: relevance of the pillars has not changed significantly by quarter of year (small sample sizes), however all pillars sit significantly higher than the total population.

Pasifika	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
How to build up savings	50%	55%	55%	34%
How to plan for retirement	49%	44%	50%	32%
How to budget	50%	43%	46%	24%



How to manage debt	54%	43%	39%	20%
--------------------	-----	-----	-----	-----

Financial Literacy and talking about money

Introduced in January 2023 we asked five questions designed to get a measure of financial literacy¹:

1. *Imagine that you have put \$100 into a no fee savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account, and you don't withdraw any money. Once the interest payment is made, how much do you think would be in the account at the end of the first year? [open text]*
2. *Now, imagine that the interest rate on that same savings account was 1% per year, and inflation was 2% per year. After one year, which of the following do you think is true? [Buy more than / the same / less than what I can today]*
3. *Finally, imagine that the year is 2027 and your income has doubled, but the price of goods and services have also doubled. Compared to your current situation, which of the following do you think is true about your income? [Buy more than / the same / less than what I can today].*
4. *Buying shares in a single company usually provides a safer return than buying shares in a number of different companies. [true / false]*
5. *An investment with a high return is likely to be high risk. [true / false]*

This quarter (Q4 23), 35% of participants got all five questions correct, significantly up from 29%. The increase came predominantly from Question 3 (long-term inflation, moving from 58% correct to 68%).

- Likelihood of getting all five correct increased with age up until 55-64 (47% compared to 26% of 18-34s), consistent with trends seen in other literature ([women-conf-lit.pdf \(eib.org\)](#)).
- NZ European, Asian and 'other nationality' participants were most likely to do so (38%, 35% and 42% respectively).
- 39% of men scored all five correctly compared to 31% of women.

There is little variance in terms of how many people are talking about saving and managing money this quarter compared to last quarter, or the last year.

- The exception is that significantly more people are now talking about money with their children compared to last year (+11 pts).

Total Population	Q4 FY22	Q3 FY23	Q4 FY23
I talk to my children about managing or saving money	55%	63%	66%
I talk about managing or saving money with my family	56%	58%	60%

¹ Participants are not given a 'don't know / declined' option because we believe there are gender differences in use of this option (women have been shown to be less confident in their answers regarding finances, even if they know the answer, making a forced-choice more appropriate). [women-conf-lit.pdf \(eib.org\)](#)



I talk about managing or saving money with my friends	39%	42%	43%
---	-----	-----	-----

Across our target groups, since last quarter:

Women: although showing little change from last quarter, significantly more women are talking to children about money compared to last year.

Women	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
I talk to my children about managing or saving money	57%	67%	67%	66%
I talk about managing or saving money with my family	56%	60%	59%	60%
I talk about managing or saving money with my friends	39%	43%	41%	43%

18-34's: The age group is significantly more engaged with finances and are more likely to talk about them with friends and family compared to other age groups (a trend consistent over time).

18-34s	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
I talk to my children about managing or saving money	63%	62%	64%	66%
I talk about managing or saving money with my family	66%	62%	71%	60%
I talk about managing or saving money with my friends	58%	56%	57%	43%

Māori: although showing little change from last quarter, significantly more Māori are talking to children about money compared to last year. Progress is being made to catch up to the general population.

Māori	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
I talk to my children about managing or saving money	43%	56%	57%	66%
I talk about managing or saving money with my family	48%	58%	58%	60%



I talk about managing or saving money with my friends	37%	43%	44%	43%
---	-----	-----	-----	-----

Pasifika: no changes have been observed among Pacific participants compared to last quarter or last year.

Pasifika	Q4 FY22	Q3 FY23	Q4 FY23	Total NZ Q4 FY23
I talk to my children about managing or saving money	58%	65%	62%	66%
I talk about managing or saving money with my family	57%	58%	65%	60%
I talk about managing or saving money with my friends	44%	44%	52%	43%

